

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 26, 2025

Findings Date: October 3, 2025

Project Analyst: Gregory F. Yakaboski

Co-Signer: Micheal Mitchell

Project ID #: P-12628-25

Facility: Carteret Health Care West

FID #: 250379

County: Carteret

Applicant: Carteret County General Hospital Corporation

Project: Develop a freestanding emergency department

### 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

Carteret County General Hospital Corporation (referred to as “CCGH, Inc.” or “the applicant”) proposes to develop a freestanding emergency department (FSED). The facility, Carteret Health Care West, will be a Hospital Outpatient Department (HOPD) licensed as an HOPD of Carteret General Hospital referred to in the application as Carteret County General Hospital (CCGH), license #H0222. Carteret Health Care West (CHC West) will be in Cedar Point, Carteret County.

Carteret Health Care West would offer services 24 hours a day, seven days a week and be open every day of the year. The proposed FSED would include complementary laboratory services, imaging, and pharmacy departments. The imaging services will include a fixed computed tomography (“CT”) scanner, X-ray, and ultrasound equipment, as well telehealth equipment. The facility would be subject to Emergency Medical Treatment and Active Labor (“EMTALA”) rules and CMS Conditions of Participation for Hospitals. The FSED is

proposed to be in the same building as both Seashore Imaging (a fixed MRI scanner) and an office for Carteret Medical Group physicians.

Carteret Health is a term that refers to Carteret County General Hospital (CCGH) and other wholly owned companies that represent the acute care hospital and the system's employed physicians. CCGH assets are owned by Carteret County. (see page 32) The hospital is also referred to as Carteret Health Care Medical Center.

### **Need Determination**

There is no applicable need determination in the 2025 State Medical Facilities Plan (SMFP).

### **Policies**

There is one policy in the 2025 SMFP, page 30, applicable to the review: *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

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

The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 27, the applicant provides a written statement of its plan to assure improved energy efficiency and water conservation.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to develop any beds or services or acquire any medical equipment for which there is a need determination in the 2025 SMFP.
- The applicant adequately demonstrates that the proposal is consistent with *Policy GEN-4* because internal plumbing fixtures will be designed for water conservation and landscape and site plans will include site drainage and native vegetation requiring minimal watering. The facility will utilize energy-efficient windows, insulation, and HVAC units.

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

## C

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

### **Patient Origin**

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*” The 2025 SMFP does not define the service area for emergency departments. In Section C.1, page 31, the applicant identifies its service area for the proposed FSED by five ZIP Codes. The ZIP codes identified by the applicant as being fully or partially within the proposed service area are 28582, 28594, 28539, 28555 and 28584. These ZIP codes cover areas in Carteret, Jones, and Onslow counties. Facilities may also serve residents of counties not included in their service area.

The proposed FSED, Carteret Health Care West, is not an existing facility and therefore has no historical patient origin. The following table illustrates projected patient origin.

**Carteret Health Care West- Entire Facility**

	<b>1<sup>st</sup> FFY</b>		<b>2<sup>nd</sup> FFY</b>		<b>3<sup>rd</sup> FFY</b>	
	<b>10/1/2027- 9/30/2028</b>		<b>10/1/2028-9/30/2029</b>		<b>10/1/2029-9/30/2030</b>	
<b>County or other geographic area such as ZIP code</b>	<b>Number of Patients</b>	<b>% of Total</b>	<b>Number of Patients</b>	<b>% of Total</b>	<b>Number of Patients</b>	<b>% of Total</b>
28584	3,707	35.2%	3,760	35.2%	3,814	35.2%
28594	995	9.4%	1,003	9.4%	1,011	9.3%
28539	3,003	28.5%	3,046	28.5%	3,089	28.5%
28555	251	2.4%	253	2.4%	255	2.4%
28582	471	4.5%	482	4.5%	493	4.6%
Rest of NC	2,001	19.0%	2,029	19.0%	2,057	19.0%
Other	105	1.0%	107	1.0%	108	1.0%
<b>Total</b>	<b>10,534</b>	<b>100.0%</b>	<b>10,680</b>	<b>100.0%</b>	<b>10,828</b>	<b>100.0%</b>

Source: Table on page 39 of the application.

In Section C.3, page 36, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on the following:

- The applicant's projected patient origin is derived from CCGH's emergency department patient origin for ZIP Codes identified.
- The applicant identifies the assumption and methodology it relied upon in projecting patient origin including in-migration from other areas.

**Analysis of Need**

In Section C, pages 32-33 and 40-51, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

- Growth and aging of permanent residents of the primary service area ("PSA") (pages 41-43).
- Increasing tourism and second homes in western Carteret County and the service area (pages 43-47).
- Rapid development of residential property in primary service area communities (page 47).
- Increased emergency department demand at CCGH and need for more capacity (pages 47-51).
- Absence of land to support larger CCGH main campus emergency room and related parking (pages 32 and 48-49).
- Need for imaging, laboratory, and pharmacy for emergency department visits (page 33).

The information is reasonable and adequately supported based on the application, exhibits to the application, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The applicant, utilizing Claritas (a national demographer), and the North Carolina Office of State Budget and Management (NCOSBM), projects that for the ZIP codes in the primary service area (PSA) the overall population will grow at a compound annual growth rate (CAGR) of 1.34% for CY2025-CY2030.
- The age 65+ cohort accounts for the permanent population for the ZIP codes in the PSA is projected by Claritas to grow by 3.8% for CY2025-CY2030.
- Emergency department visits to CCGH increased from 36,675 in FY2021 to 40,865 in FY2024, a CAGR of 3.67%.
- In FY2024, 6,259 (15.3%) of CCGH's emergency department visits came from patients in the five ZIP codes of the PSA.
- Geography, transportation corridors and seasonal traffic make it time consuming for patients from the proposed service area to either travel to or be transported to the emergency department at CCGH.

#### Projected Utilization

In Section Q, Forms C.2a and C.4b, the applicant provides projected utilization of the freestanding emergency department and ancillary services through the first three full fiscal years (FYs) of operation, as summarized in the following table:

	<b>1<sup>st</sup> FFY</b>	<b>2<sup>nd</sup> FFY</b>	<b>3<sup>rd</sup> FFY</b>
	<b>(10/1/2027-9/30/2028)</b>	<b>(10/1/2028-9/30/2029)</b>	<b>(10/1/2029-9/30/2030)</b>
<b>Emergency Department</b>			
# of Bays*	10	10	10
# of Visits	10,534	10,680	10,828
<b>Laboratory</b>			
Tests	8,581	8,581	8,581
<b>CT Scanner</b>			
# of Units	1	1	1
# of Scans	3,845	3,899	3,953
<b>Fixed X-Ray (including fluoro)**</b>			
# of procedures	3,548	3,619	3,691
<b>Ultrasound</b>			
# of Procedures	721	731	741

\*The proposed facility will have 8 private bays and one two-person bay. (See Section C, page 32)

\*\*X-ray equipment will include both a fixed and mobile unit.

In Section Q, pages 118-135, the applicant provides the assumptions and methodology used to project utilization, which is summarized below:

Overview: The applicant organized its methodology and assumptions into four main areas:

- Forecast Overall Emergency Department Visits in the Service Area by Resident Population to be Served [See Steps #1- #4]
- Forecast Emergency Department Utilization at CHC West for both Resident Population and In-Migration [See Steps #5- #11]
- Forecast Imaging Volumes at CHC West [See Steps #12- #14]
- Forecast Laboratory Services Volumes at CHC West [See Steps #15- #16]

*Step #1. Identify Primary CHC West Service Area (pages 118-119).*

The applicant identifies the primary service area (“PSA” or “SA”) as consisting of five ZIP Codes (28584, 28594, 28539, 28555, and 28582) from three counties: Carteret, Jones, and Onslow.

**CHC West Service Area ZIP Codes**

ZIP Code	City	County
28584	Swansboro/ Cedar Point	Onslow/Carteret
28594	Emerald Isle	Carteret
28539	Hubert	Onslow
28555	Maysville	Jones/Onslow
28582	Stella	Carteret/Onslow

*Step #2. Estimate Service Area Population (page 120).*

The applicant estimates the service area population for 2024 through 2030, by ZIP code, relying on data from Claritas, a nationally recognized demographic data provider.

*Step #3. Establish Emergency Department Use Rate for Primary Service Area Residents (page 121).*

The applicant first calculates the historic emergency department visits per 1,000 population for the three counties (Carteret, Jones and Onslow) which are covered by the service area ZIP codes for 2021, 2022 and 2023. Utilizing the data for 2023, the emergency department visits per 1,000 population for Carteret (412), Jones (636) and Onslow (335) were weighted by the applicant based on each county’s share of the total three-county population to calculate an average of 363 emergency department visits per 1,000 population.

The applicant utilized 363 visits per 1,000 residents in 2023, as the constant for future ED visit projections. The applicant stated that the use of 363 visits per 1,000 residents was conservative as “*Preliminary data provided by DHHS, drawn from Excel workbooks containing FY2024 data from 2025 LRAs, indicate significantly higher average ED use rates for these counties.*”

*Step #4. Project Emergency Department Visits in the Carteret Health Care West Service Area (page 122).*

The applicant calculated the projected emergency department visits, by the proposed service area ZIP codes for the years 2024 through 2030 by multiplying the projected patient population (see Step #2) by the average 363 emergency department visits per 1,000 population (see Step #3). See table on page 122 of the application.

*Step #5. Identify CCGH Current Market Share from Service Area ZIP Codes (FY2024) (page 123).*

The applicant established CCGH's emergency department visit market share for the proposed service area by comparing the actual FY2024 emergency department visits to CCGH from the proposed service area to the service area's projected ED visits for 2024 calculated in Step #4. This comparison provides an estimate of the FY2024 market share associated with the CCGH main campus ED from each ZIP Code.

The table below summarizes FY2024 visits from service area ZIP Codes to CCGH, projected 2024 ED visits need in the service area, and the corresponding market shares.

**Historic CCGH Market Share of Service Area ED Estimate, from SA**

ZIP Code	2024 CCGH	2024 SA Need	Market Share
28584 Swansboro/ Cedar Point	3,057	5,275	57.9%
28594 Emerald Isle	839	1,459	57.5%
28539 Hubert	1,751	7,194	24.3%
28555 Maysville	182	1,967	9.3%
28582 Stella	430	859	50.1%
<b>Total SA</b>	<b>6,259</b>	<b>16,753</b>	<b>37.4%</b>

*Source: 2024 ED visits at CCGH from CCGH internal data*

*Notes: 2024 SA need calculated in Step #4*

*Calculation: Market Share = 2024 CCGH visits / 2024 service area need estimates*

*Step #6. Estimate Service Area Market Share of Future ED Visits at Carteret Health Care West (page 124).*

To project market share of emergency department visits at the proposed new freestanding emergency department the applicant started with the market share calculated in Step #5, assumed that only 80% of the projected market share would shift to CHC West based on service capabilities and patient preference when compared to a hospital-based emergency department, and then, to account for a proximity advantage to the primary service area ZIP codes, the applicant adds ZIP Code-specific market share increases: a 20 percent boost to the three ZIP Codes closest to the facility (Swansboro/Cape Carteret, Emerald Isle, and Hubert) and 5 and 10 percent boosts to two ZIP Codes slightly farther away (Maysville and Stella, respectively). The applicant assumes the market share will remain constant through project year three, which is FY2030. See the table below.

**Carteret Health Care West Market Share Estimate for Service Area ZIP Codes**

	<b>Metric</b>	<b>28584</b>	<b>28594</b>	<b>28539</b>	<b>28555</b>	<b>28582</b>
a	Current (2024) market share at CCGH	57.9%	57.5%	24.3%	9.3%	50.1%
b	% of baseline shifted to CHC West	80%	80%	80%	80%	80%
c	Adjusted CHC West market share	46.4%	46.0%	19.5%	7.4%	40.1%
d	Additional market share	20.0%	20.0%	20.0%	5.0%	10.0%
e	<b>Carteret Health Care West total expected market share</b>	<b>66.4%</b>	<b>66.0%</b>	<b>39.5%</b>	<b>12.4%</b>	<b>50.1%</b>

*Notes:*

- a. *Current market share identified in Step #5*
- b. *Estimated percentage of baseline share that will shift to satellite location.*
- c. *a \* b*
- d. *Additional market share attributed to location that is more convenient for service area than more distant hospitals other than CHC.*
- e. *c + d*

*Step #7. Estimate Carteret Health Care West ED Utilization from Year-Round SA Residents (FY2028-2030) (page 125).*

To project Carteret Health Care West’s share of emergency department visits from the service area for the first three full fiscal years of the proposed project (FY2028-FY2030), the applicant applied the market shares calculated in Step #6 to the total projected visits from each ZIP Code calculated in Step #4.

**Projected Carteret Health Care West Emergency Department Visits from Service Area (FY2028 – 2030)**

<b>ZIP Code</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>
28584 Swansboro Swansboro/ Cedar Point	3,707	3,760	3,814
28594 Emerald Isle	995	1,003	1,011
28539 Hubert	3,003	3,046	3,089
28555 Maysville	251	253	255
28582 Stella	471	482	493
<b>Total primary service area permanent residents</b>	<b>8,427</b>	<b>8,544</b>	<b>8,662</b>

*Calculation: ZIP projected ED visits need (Step #4) \* Carteret Health Care West ZIP market share (Step #6)*

*Step #8. Calculate Total CHC West Market Share of ED Visits from Service Area (FY2028–2030) (page 126).*

The applicant calculates the overall market share CHC West is expected to capture from permanent residents of the five ZIP Code service area by using the projected emergency



department visits at CHC West by ZIP Code from Step #7 and the total ED visit need in the service area from Step #4.

**CHC West Total SA Market Share FY2028–2030**

	Metric	2028	2029	2030
a	CHC West total SA ED visits	8,427	8,544	8,662
b	ED visits need	17,669	17,906	18,146
c	Market Share	48%	48%	48%

Notes:

- a. CHC West SA ED visits from Step #7
- b. SA ED visits need from Step #4
- c.  $a / b$

Assumptions

- Projected ED visits by ZIP Code from Step #7 reflect Carteret Health Care West’s expected utilization by year-round residents.
- Market share is based on permanent service area population only and excludes immigration.

*Step #9. Identify Historical In-migration at CCGH (page 127).*

The applicant provided historical data to demonstrate that for 2021-2024 approximately 25% of the emergency department visits at CCGH come from in-migration defined as visits from people with addresses outside Carteret, Jones, and Onslow Counties. The applicant further states “*Anecdotal reports indicate that most of these visits are by temporary residents associated with tourism, local industry, or the military.*”

**Carteret County General Hospital Emergency Department Visits by Patient Residence (FY2021-2024)**

County	visits				% of total			
	2021	2022	2023	2024	2021	2022	2023	2024
Carteret	23,462	24,229	25,100	25,040	64.0%	61.6%	61.1%	61.3%
Jones	128	158	154	196	0.3%	0.4%	0.4%	0.5%
Onslow	4,125	4,886	5,498	5,604	11.2%	12.4%	13.4%	13.7%
Other	8,960	10,034	10,348	10,025	24.4%	25.5%	25.2%	24.5%
<b>Total</b>	<b>36,675</b>	<b>39,307</b>	<b>41,100</b>	<b>40,865</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: DHSR 2022-2024 Reports. Emergency Department Patients: Patient Origin by Facility. 2024 visits from 2025 CCGH LRA.

*Step #10. Project Total ED Visits Including In-Migration (FY2028–2030) (page128).*

The applicant projects in-migration at CHC West at 20 percent as compared to the historic 25 percent in-migration at CCGH as documented in Step #9.

*The applicant stated “the proposed satellite will be in an area where residents during peak season, both permanent and transient, can be twice as many as permanent residents alone. The Applicant recognizes that temporary residents may be healthier than permanent residents, and this group is in the area for only three-quarters of the year. Peak season is nine months, March through October. The 20 percent factor is still conservative. Its calculation excluded Onslow and Jones residents who live outside the five ZIP Codes.”*

The table below summarizes the forecast Carteret Health Care West ED visits from permanent and temporary residents.

**Total Projected Carteret Health Care West ED Visits Including In-Migration, FY2028–FY2030**

note	metric	% patient origin	2028	2029	2030
a	ED visits from the proposed service area	80%	8,427	8,544	8,662
b	Rest of NC	19%	2,001	2,029	2,057
c	Other	1%	105	107	108
d	Total in-migration visits	20%	2,107	2,136	2,166
e	<b>Total Carteret Health Care West ED visits</b>	<b>100%</b>	<b>10,534</b>	<b>10,680</b>	<b>10,828</b>

**Notes:**

- a. *Projected visits from the five ZIP Code service area (see Step #7)*
- b. *Estimated proportion of in-migration from NC counties other than Carteret, Onslow, and Jones Counties,*
- c. *Estimated proportion of in-migration from visits from out-of-state patients.*
- d. *Total immigration (b + c)*
- e. *Total ED visits at Carteret Health Care West, calculated by dividing service area visits from Step #7 by 0.80*

*Step #11. Identify Patient Origin for the first three project years (FY2028 - 2030) (page 129).*

CHC identifies the total patient origin for emergency department visits for the first three operating years (FY2028 - 2030) by combining the emergency department visits from ZIP codes from Step #7 with the in-migration visits calculated in Step #10. Percentages equal visits from the identified group divided by the total CHC West emergency department visits, as calculated in Step #10. See summary table on page 129.

*Step #12. Identify Historic ED Imaging Rates (page 130).*

Carteret Health Care West will offer diagnostic imaging services, including CT, X-ray, and ultrasound, to support emergency department patient needs on-site. To estimate imaging

demand, CCGH identifies historical imaging use rates per 1,000 emergency department visits, by modality, using internal data from CCGH as shown in the table below.

**CCGH Imaging Procedure Rates per 1,000 ED Visits (FY2024)**

CT	X-Ray	Ultrasound
487	337	68

*Source: CCGH internal data*

*Step #13. Project Imaging Procedures by Modality (FY2028 - 2030) (pages 131-132).*

To project CT scans, X-rays, and ultrasounds performed in conjunction with ED visits at CHC West for the first three project years the applicant applied the use rates identified in Step #12 to the total projected ED visits calculated in Step #10 as shown in the table below.

Note: CCGH reduces the internal CT use rate by 25 percent to account for the proposed Carteret Health Care West facility operating as a satellite emergency department without acute care beds. This adjustment accounts for differences in care delivery between satellite facilities and full-service hospitals and is consistent with observed use rates at comparable satellite ED facilities. After adjustment, the CT use rate applied is 365 procedures per 1,000 ED visits. In addition to imaging performed during the emergency department visit, CCGH anticipates that some patients will return for follow-up, or “callback” diagnostic imaging. Based on the experience of other FSEDs, as reported to DHSR, CCGH estimates that 10 percent of ED visits will result in additional, non-emergent imaging procedures after discharge. This adjustment is applied consistently across all modalities.

**Carteret Health Care West Imaging Procedures by Modality, 2028-2030**

Service		Metric	2028	2029	2030
		<b>Carteret Health Care West ED visits</b>	<b>10,534</b>	<b>10,680</b>	<b>10,828</b>
<b>CT</b>	a	Scans per 1k ED visits	365	365	365
	b	Carteret Health Care West ED CT scans	3,845	3,899	3,953
	c	Callback CT scans	385	390	395
	d	<b>Total CT scans at Carteret Health Care West</b>	<b>4,230</b>	<b>4,288</b>	<b>4,348</b>
<b>X-ray</b>	a	X-rays per 1k ED visits	337	337	337
	b	Carteret Health Care West ED X-rays	3,548	3,597	3,647
	c	Callback X-rays	355	360	365
	d	<b>Total X-ray at Carteret Health Care West</b>	<b>3,903</b>	<b>3,957</b>	<b>4,012</b>
<b>Ultrasound</b>	a	Ultrasounds per 1k ED visits	68	68	68
	b	Carteret Health Care West ED ultrasounds	721	731	741
	c	Callback ultrasounds	72	73	74
	d	<b>Total Ultrasounds at Carteret Health Care West</b>	<b>793</b>	<b>804</b>	<b>815</b>

*Notes: Carteret Health Care West ED visits calculated in Step 10*

- a. Rate identified in Step #12 (CT reduced by 25%)*
- b. Carteret Health Care West ED visits \* a / 1000*
- c. b \* 0.10*
- d. b + c*

*Step #14. Identify Patient Origin by Imaging Modality (page 134).*

The applicant identifies patient origin percentages for the first three operating years (FY2028 - 2030) by imaging modality by applying the percentages of imaging procedure from Step #13 to the patient origin in Step #11. See the table below.

**Patient Origin for Imaging Modalities at CHC West FY2028 - 2030**

Modality / Geography	Procedures			% of total		
	2028	2029	2030	2028	2029	2030
<b>CT</b>						
28584 Swansboro / Cape Carteret	1,488	1,510	1,531	35.2%	35.2%	35.2%
28594 Emerald Isle	400	403	406	9.4%	9.4%	9.3%
28539 Hubert	1,206	1,223	1,240	28.5%	28.5%	28.5%
28555 Maysville	101	102	102	2.4%	2.4%	2.4%
28582 Stella	189	194	198	4.5%	4.5%	4.6%
Rest of NC	804	815	826	19.0%	19.0%	19.0%
Other	42	43	43	1.0%	1.0%	1.0%
<b>Total</b>	<b>4,230</b>	<b>4,288</b>	<b>4,348</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>X-ray</b>						
28584 Swansboro / Cape Carteret	1,373	1,393	1,413	35.2%	35.2%	35.2%
28594 Emerald Isle	369	372	375	9.4%	9.4%	9.3%
28539 Hubert	1,113	1,128	1,144	28.5%	28.5%	28.5%
28555 Maysville	93	94	94	2.4%	2.4%	2.4%
28582 Stella	175	179	183	4.5%	4.5%	4.6%
Rest of NC	742	752	762	19.0%	19.0%	19.0%
Other	39	40	40	1.0%	1.0%	1.0%
<b>Total</b>	<b>3,903</b>	<b>3,957</b>	<b>4,012</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Ultrasound</b>						
28584 Swansboro / Cape Carteret	279	283	287	35.2%	35.2%	35.2%
28594 Emerald Isle	75	76	76	9.4%	9.4%	9.3%
28539 Hubert	226	229	233	28.5%	28.5%	28.5%
28555 Maysville	19	19	19	2.4%	2.4%	2.4%
28582 Stella	35	36	37	4.5%	4.5%	4.6%
Rest of NC	151	153	155	19.0%	19.0%	19.0%
Other	8	8	8	1.0%	1.0%	1.0%
<b>Total</b>	<b>793</b>	<b>804</b>	<b>815</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Calculation: Total volumes for each imaging modality (d in table 13) \* patient origin % from table 11*

*Step #15. Project Laboratory Volumes at Carteret Health Care West, 2028-2030 (page 134).*

To estimate lab utilization to support emergency department patients, the applicant first identified an average of 0.81 laboratory procedures per emergency department visit at CCGH based on historical data.

To project annual lab volumes at CHC West the applicant then applied this internal lab rate to projected Carteret Health Care West emergency department visits from Step #10. See the table below.

**Carteret Health Care West Projected Lab Volumes FY2028-2030**

	Service	2028	2029	2030
a	Carteret Health Care West ED Visits	10,534	10,680	10,828
b	Carteret Health Care West Lab rate	0.81	0.81	0.81
c	<b>Projected Lab volumes</b>	<b>8,581</b>	<b>8,700</b>	<b>8,821</b>

**Notes:**

- a. Carteret Health Care West ED visits calculated in Step #10
- b. Lab per ED visit identified by internal CCGH data.
- c.  $a * b$

*Step 16. Identify Patient Origin for Lab (FY2028 - 2030) (page 135).*

To project patient origin of the laboratory procedures at CHC West, the applicant applied the patient origin percentages identified in Step #11 to the total lab volumes calculated in Step #15.

**Carteret Health Care West Lab Procedures by Patient Origin, FY2028–2030**

ZIP	2028	2029	2030	2028	2029	2030
28584 Swansboro / Cape Carteret	3,019	3,063	3,107	35.2%	35.2%	35.2%
28594 Emerald Isle	811	817	824	9.4%	9.4%	9.3%
28539 Hubert	2,447	2,481	2,516	28.5%	28.5%	28.5%
28555 Maysville	205	206	208	2.4%	2.4%	2.4%
28582 Stella	384	393	402	4.5%	4.5%	4.6%
Rest of NC	1,630	1,653	1,676	19.0%	19.0%	19.0%
Other	86	87	88	1.0%	1.0%	1.0%
<b>Total</b>	<b>8,581</b>	<b>8,700</b>	<b>8,821</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The applicant provides reliable population growth and aging data, based on both Claritas (a national demographer) and the NCOSM to support its utilization projections. The population in the proposed service area is projected to increase by 6.9% from 2025-2030, a CAGR of 1.3%. In the three counties which include the five ZIP codes comprising the proposed service area the age 65+ cohort is projected to increase by 2.2% overall (See table on page 42 of the application).

- Projected utilization is supported by the historical utilization of existing emergency department services provided at CCGH. Emergency department visits to CCGH increased from 36,675 in FY2021 to 40,865 in FY2024, a CAGR of 3.67%. The applicant states that the emergency department at CCGH reaches saturation at about 40,800 annual visits [See page 78 of the application.]
- In FY2024, 6,259 (15.3%) of CCGH's emergency department visits came from patients in the five ZIP codes of the PSA.
- Projected utilization is supported by the applicant's historical (FY 2024) ED market share by ZIP code area in the proposed service area. Furthermore, the applicant utilized historical emergency department visits from Carteret, Jones and Onslow counties, weighted to reflect each county's share of total population, to establish an emergency department visit rate per 1,000 residents.
- The applicant, to project in-migration, uses reasonable assumptions of emergency department visits at CCGH, based on historical experience (25%) and then adjusted downward to 20% account for the fact that CHC West is a proposed freestanding emergency department, and that peak season for transient residents in the area is approximately nine months.
- The applicant based projected diagnostic imaging service utilization on its own internal data and historical experience at CCGH with a downward adjustment in CT use rates to reflect utilization differences between freestanding and hospital-based emergency departments. The applicant states that the applied 10 percent callback rate for CT scans is reasonable based on DHSR-CON reported patterns of other freestanding emergency departments.
- The applicant based projected laboratory volumes utilization on its own internal data and historical experience at CCGH.

### **Access to Medically Underserved Groups**

In Section C.6, page 56, the applicant states,

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

The applicant 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	16.9%
Racial and ethnic minorities	19.0%
Women	48.2%
Persons with Disabilities	17.5%
The elderly	19.5%
Medicare beneficiaries	39.0%
Medicaid recipients	16.7%

Source: Table on page 58 of the application.

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 written statements about providing access to all residents of the service area, including underserved groups.
- The proposed FSED will be part of Carteret General Hospital.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

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

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



## CA

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

In Section E, pages 65-67, 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 the emergency department volumes at CCGH continue to increase driven by the permanent and temporary populations in Carteret County and the surrounding communities. CCGH's systemwide emergency department volumes exceeded 40,000 visits in FY2024. Therefore, the applicant determined that maintaining the status quo was not an effective alternative.
- *Develop a Satellite Emergency Department at Another Location in Carteret County*- The applicant states that the "clear" need is for the patient population in western Carteret County. The primary care clinic in western Carteret staffed by CHC's Carteret Medical Group has a waiting list for new appointments that is months long. The smaller population Down East in Carteret County is served by a CCGH clinic and the main population areas in Morehead City and Beaufort are served by the hospital in Morehead City. Therefore, the applicant determined that developing a satellite ED at another location in Carteret County was not the most effective alternative.
- *Develop a Satellite Emergency Department in a Stand-Alone Building*-The applicant determined that locating the proposed FSED in the same building that also houses Seashore Imaging and Carteret Medical Group physicians is cost-effective because it minimizes duplicative costs such as operations, utility connections and building envelopes. In addition, parking, security and patient access to laboratory and imaging services are not as effective in two buildings as opposed to all services in a single building. Therefore, the applicant determined that developing a FSED in a stand-alone building was neither the least costly nor most effective alternative.
- *Expand Carteret County Emergency Room*- There is little to no room to expand the emergency department at the main CCGH campus in Morehead City. Any expansion on the main hospital campus would be costly and disruptive. In addition, expansion of the emergency department at the main CCGH campus would not address the traffic problems patients from western Carteret County and the identified primary service area have in accessing the emergency departments at the main CCGH campus in a timely manner. Therefore, the applicant determined that this alternative is neither the least costly nor the most effective alternative.

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

- 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 review criteria. Therefore, the application can be approved.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

- 1. Carteret County General Hospital Corporation (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall develop Carteret Health Care West, a freestanding emergency department to be licensed under Carteret General Hospital, license #H0222, including 24/7 emergency services, a CT scanner, ultrasound equipment, x-ray equipment, laboratory services, and pharmacy services.**
- 3. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditure in Section Q of the application and that would otherwise require a certificate of need.**
- 4. 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.**
- 5. Progress Reports:**
  - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
  - b. The certificate holder shall complete all sections of the Progress Report form.**

- c. **The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
    - d. **The first progress report shall be due on January 5, 2026.**
  - 6. **The certificate holder shall execute or commit to a contract for design services for the project no later than two years following the issuance of this certificate of need.**
  - 7. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

**C**

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

**Capital and Working Capital Costs**

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

Waste Water System	\$77,895
Site Preparation	\$1,469,339
Construction/Renovation Contract(s)	\$7,736,734
Landscaping	\$22,539
Architect / Engineering Fees	\$692,146
Medical Equipment	\$2,614,253
Non-Medical Equipment	\$450,000
Furniture	\$225,000
Consultant Fees (CON and other)	\$50,000
Other (physics and rigging)	\$182,998
Other (ambulances)	\$678,994
Other (Contingency)	\$2,839,979
<b>Total Capital Cost</b>	<b>\$17,039,877</b>

In Section F.1, page 67, Form F.1a Assumptions and Exhibits F.1 and K.3, 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:

- Costs for construction, landscaping, wastewater, site preparation and architect/engineering fees were based on cost estimates from a senior mechanical engineer from The East Group in Exhibit K.3.
- Medical equipment costs were based on equipment quotes plus 20% to account for time delays found in Exhibit F.1.
- Contingency, consultant fees, physics and rigging were based on the applicants' experience.

In Section F.3, page 70, the applicant projects that start-up costs will be \$575,087 and initial operating expenses will be \$815,043 for a total working capital of \$1,390,130. On page 70, 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 identified the type of costs projected as start-up costs.
- The applicant bases initial operating costs on an initial operating period of two months.

### **Availability of Funds**

In Section F.2, page 67, and Section F.3, page 71, the applicant states that both the projected capital cost of 17,039,877 and working capital costs of \$1,366,131 will be funded entirely by cash reserves of Carteret County General Hospital Corporation.

In Exhibit F.2 the applicant provides a letter dated April 10, 2025, from the VP Finance of Carteret County General Hospital Corporation stating that Carteret County General Hospital Corporation will obligate and commit the less than \$19 million for the sole purpose of developing a freestanding emergency department. The Chief Financial Officer states that the funds will be provided through available case reserves.

In Exhibit F.2 the applicant also provided a copy of Carteret County General Hospital Corporation and Affiliates audited financial statements showing \$67.6 million in 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 based on the following:

- The applicant provides letters from an appropriate company official documenting the availability of funding for the projected capital and working capital needs of the project as well as a commitment to use those funds toward the development of the proposed project.
- The applicant provides a copy of the audited financials of Carteret County General Hospital Corporation, showing availability of sufficient funds.

### **Financial Feasibility**

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

	<b>1<sup>st</sup> Full Fiscal Year (10/1/2027- 9/30/2028)</b>	<b>2<sup>nd</sup> Full Fiscal Year (10/1/2028- 9/30/2029)</b>	<b>3<sup>rd</sup> Full Fiscal Year (10/1/2029- 9/30/2030)</b>
Total Visits*	10,534	10,680	10,828
Total Gross Revenues (Charges)	\$57,663,162	\$58,461,378	\$59,271,223
Total Net Revenue	\$14,389,641	\$14,991,270	\$15,602,911
Average Net Revenue per visit	\$1,366	\$1,401	\$1,441
Total Operating Expenses (Costs)	\$10,978,041	\$12,027,383	\$12,362,616
Average Operating Expense per visit	\$1,042	\$1,126	\$1,142
Net Income	\$3,411,600	\$2,963,887	\$3,240,295

Source: Form C.4b

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

- Projected charges and revenues are based on reasonable and adequately supported assumptions.
- Projected operating expenses are based on reasonable and adequately supported assumptions.
- The applicant reasonably projects a positive cash flow in all three project years following project completion.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.

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

### C

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*” The 2025 SMFP does not define the service area for emergency departments. In Section C.1, page 31, the applicant identifies its service area for the proposed FSED by ZIP Code. The ZIP codes identified by the applicant as being fully or partially within the proposed service area are 28582, 28594, 28539, 28555 and 28584. These ZIP codes cover areas in Carteret, Jones and Onslow counties. Facilities may also serve residents of counties not included in their service area.

In Section G.1, page 77, the applicant states that within Carteret, Jones and Onslow counties there are two hospitals with emergency departments: Carteret County General Hospital and Onslow Memorial Hospital. The hospital license renewal applications (LRAs) track emergency department utilization by licensed facility as shown in the following table.

**Emergency Department Utilization at Carteret and Onslow Counties- FY2023**

Facility	Hospital License #	Total ED Visits
Carteret County General Hospital	H0222	41,100
Onslow Memorial Hospital	H0048	55,746
Total		96,746

Source: 2024 LRA's as reported in DHSR patient origin reports.

In Section G.2, the applicant explains why it believes its proposal would not result in the unnecessary duplication of emergency department services in Carteret County. The applicant states:

*“Demand for emergency visits at CCGH is increasing at a rate of about one percent a year. (See Table 7 in Section C.4 of this application). With the average patient staying three hours in the ED, and most visits occurring during 14 hours in the day, the CCGH main campus ED reaches saturation at about 40,800 annual visits (24 bays / 3 hours ALOS \* 14 hours \* 365 = 40,800). A single individual who has behavioral health issues can tie up one ED bay all day, or more while waiting for transfer to behavioral health facilities. Operating at saturation means flexibility to absorb mass casualties during peak hours without adversely affecting other emergency patients. CCGH is the only hospital in*

*Carteret County and is the nearest to tourist and industrial areas in the Cedar Point service area.*

*Other existing health service facilities are insufficient to meet the need. The emergency department at Onslow Memorial Hospital has more capacity, but it is an hour or more away from the primary service area during peak tourist season and much farther from other communities in Carteret County. The proposed Carteret Health Care West satellite emergency department represents a modest, efficient, and cost-effective way to provide more emergency room capacity and meet the needs of permanent and temporary residents.”*

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

- The applicant adequately demonstrates that the proposed emergency department services are needed in addition to the existing or approved emergency department services based on the location of Onslow Memorial Hospital being more than one hour away from the primary service area.
- In FY2023 Carteret County General Hospital, based on LRA data, exceeded 41,000 emergency department visits when saturation at CCGH is 40,800 visits.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

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

### **C**

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

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

**Carteret Health Care West**

	<b>1<sup>st</sup> FFY</b>	<b>2<sup>nd</sup> FFY</b>	<b>3<sup>rd</sup> FFY</b>
	<b># of FTEs</b>	<b># of FTEs</b>	<b># of FTEs</b>
Mgr Nursing Unit	1.0	1.0	1.0
Team Lead Supervising RN	1.0	1.0	1.0
Supv Pathology	0.2	0.2	0.2
Supv Registration	1.0	1.0	1.0
Clinical Nurse II	11.0	11.0	11.0
Pharmacist	0.6	0.6	0.6
Pharmacy Tech	4.6	4.6	4.6
Med Lab Tech	4.6	4.6	4.6
Respiratory Therapist	4.6	4.6	4.6
Nurse Aide	4.6	4.6	4.6
ED Patient Registration Rep	4.6	4.6	4.6
Materials Support Rep	1.0	1.0	1.0
Security Guard	4.6	4.6	4.6
Maintenance Tech	1.0	1.0	1.0
Paramedic	9.2	9.2	9.2
CT Tech	4.6	4.6	4.6
Rad Tech	13.8	13.8	13.8
<b>Total</b>	<b>72</b>	<b>72</b>	<b>72</b>

The assumptions and methodology used to project staffing are provided in Section Q, Form H and Form H Staffing Assumptions. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b. In Sections H.2 and H.3, pages 82-83, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs. The applicant also provides additional supporting information in Exhibits F.1 and H.2.

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

- Staffing levels are based on Carteret Health Care's experience, adjusted for volume.
- The applicant has existing policies regarding recruitment, qualifications for staff, training, and continuing education.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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



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

## C

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

### **Ancillary and Support Services**

In Section I, page 84, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 85-86, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibits F.1 and I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the services the applicant currently provides at Carteret Health Care.

### **Coordination**

In Section I.2, page 86, the applicant describes its existing and proposed relationships with other local health care and social service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- Carteret Health Care West will be licensed as part of an existing acute care hospital with extensive working relationships with area healthcare providers.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

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

**NA**

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

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

**NA**

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

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

**C**

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

In Section K.2, page 89, the applicant states that the project involves renovating 14,425 square feet of existing space. Line drawings are provided in Exhibit K.2.

On pages 92-93, 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 Exhibits

K.3 and K.4. The site appears to be suitable for the proposed FSED based on the applicant's representations and supporting documentation.

On page 90, 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 project will not require additional financing and can be developed with existing accumulated reserves and provides supporting documentation in Exhibit F.2.
- The applicant worked with a senior mechanical engineer with The East Group and a design team who coordinated with healthcare contractors with relevant experience for design and cost estimates. See Exhibit K.3.

On pages 90-91, 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 the proposed project is sized to meet existing and expected new demand for emergency department services, outpatient diagnostic imaging, and laboratory services.
- The proposed project will bring the proposed services closer geographically to patients who rely on the existing emergency room at the main hospital campus.
- The proposed project will be funded with cash, not debt, which will help contain costs.

In Section B, page 27, and in Section K, page 91, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit K.3.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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;

**NA**

Carteret Health Care West 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;

**NA**

Carteret Health Care West 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**

In Section L.3, page 99, the applicant projects the payor mix for the facility during the third full fiscal year of operation (FFY 10/1/2029 to 9/30/2030) following completion of the project, as summarized in the table below.

**Carteret Health Care West**

<b>Payor Source</b>	<b>Percentage of Total Patients Served</b>
Self-Pay	8.6%
Medicare *	39.0%
Medicaid *	16.7%
Insurance *	26.2%
Other (Champus, Tricare, VA)	9.5%
<b>Total</b>	<b>100.0%</b>

\*Including any managed care plans.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 8.6% of all facility services at the proposed Carteret Health Care West facility will be provided to self-pay patients, 39.0% to Medicare recipients and 16.7% to Medicaid recipients.

On page 99, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the

project. The projected payor mix is reasonable and adequately supported because it used the historical payor mix for the main hospital campus emergency department.

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

### C

In Section L.5, page 103, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

### C

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

In Section M, pages 104-105, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- CHC has a program to train third year Medical Students from Campbell University
- CHC has relationships with the nursing programs at East Carolina University, Barton College, Craven Community College, Pitt Community College, Carteret Community College, Beaufort County Community College and Coastal Carolina Community College.

- The applicant states that all appropriate trainees will have an opportunity to observe/train at the new FSED.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

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

### **C**

The applicant proposes to develop an FSED in Cedar Point, Carteret County, licensed as an HOPD of Carteret County General Hospital.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or rules adopted by the Department, which receives services from a health service facility.*” The 2025 SMFP does not define the service area for emergency departments. In Section C.1, page 31, the applicant identifies its service area for the proposed FSED by ZIP Code. The ZIP codes identified by the applicant as being fully or partially within the proposed service area are 28582, 28594, 28539, 28555 and 28584. These ZIP codes cover areas in Carteret, Jones and Onslow counties. Facilities may also serve residents of counties not included in their service area.

In Section G.1, page 77, the applicant states that within Carteret, Jones and Onslow counties there are two hospitals with emergency departments: Carteret County General Hospital and Onslow Memorial Hospital. The hospital license renewal applications (LRAs) track emergency department utilization by licensed facility as shown in the following table.

**Emergency Department Utilization at Carteret and Onslow Counties- FY2023**

Facility	Hospital License #	Total ED Visits
Carteret County General Hospital	H0222	41,100
Onslow Memorial Hospital	H0048	55,746
Total		96,746

Source: 2024 LRA's as reported in DHSR patient origin reports.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 106, the applicant states:

*“The proposed project will enhance competition in the area because it will promote increased access to emergency services, enhance quality of emergency services, and promote efficiency, which is an important contributor to cost effectiveness.”*

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 106-107, the applicant states:

*Satellite emergency departments are often more cost-effective to develop than expanding congested, complex medical centers, and they are also more convenient and result in better patient throughput compared to expanding congested, complex medical centers.*

*Construction at CHC's main campus would be difficult because it is constrained by limited space for expansion. Further, a satellite emergency department does not require the costs associated with developing and maintaining a larger, more complex inpatient acute care facility.*

*The proposed project will allow CHC to develop need, highly utilized service in a convenient location for thousands of patients who need emergency services, and at the same time avoid operating and construction costs associated with building at its larger inpatient facility.*

*Because the project will not involve debt, CHC can minimize new capital and operating costs. Absence of debt will make it easier to accommodate the needs of medically underserved groups.”*

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

Regarding the impact of the proposal on quality, in Section N, pages 107-109, the applicant states:

*“CHC has been providing quality care to Carteret and surrounding counties since 1967. It is an independent not-for-profit 135-bed community hospital serving Eastern North Carolina. CHC has an extensive history of quality achievements and awards across all service lines.<sup>21</sup> As part of the CHC network, Carteret Health Care West will be subject to the same quality standards as the main campus.”*

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 109-110, the applicant states:

*“The proposed satellite hospital outpatient emergency department will be licensed an outpatient department of CCGH. The facility will automatically participate in all CCGH programs aimed at improving access for medically underserved groups.*

*Enhancing access to healthcare services is an important mission that drives CHC to ensure that the healthcare needs of the service area community are effectively addressed. To this end, CHC has developed and strictly implements several policies with a singular goal to enhance access to high quality care for the medically underserved populations of the service area. The intent of the project is to improve geographic access for residents of western Carteret County and nearby communities, for whom Carteret Health Care West will be the closest emergency department.*

*CCGH does not discriminate against any patient based on income, age, sexual orientation, gender, ethnicity, physical handicap, ability to pay, or insurance coverage. See Exhibit C.6, p2 for CHC’s Non-Discrimination Statement and Exhibit L.4, p2 for CHC’s Financial Assistance Policy.”*

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

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

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

## **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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



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

**C**

In Section Q Form O, page 121 the applicant identifies one licensed hospital located in North Carolina owned, operated or managed by the applicant or a related entity.

In Section O, page 112, the applicant states that, during the 18 months immediately preceding the submittal of the application, there has not been any situation resulting in a finding of immediate jeopardy during the last 18-month look-back period at its hospital. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, there were no incidents related to quality of care that occurred at its hospital. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at its hospital, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

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

**NA**

The applicant proposes to develop a freestanding emergency department in Carteret County licensed under CCGH.

There are no administrative rules that are applicable to proposals to develop a freestanding emergency department.