

(1) **Identification of Bed Need and Addition of Beds.**

(a) An applicant shall demonstrate, in a service-area level needs assessment, that the medical/surgical/gynecological/addictions (MSGA) and pediatric bed capacity changes resulting from a proposed project are needed. The applicant's service-area level needs assessment shall include a forecast of demand for the MSGA and/or pediatric hospital beds by the population in its projected service area and a zip code area level analysis of the market share that the applicant expects to capture within the projected service area. The applicant shall demonstrate the reasonableness of its assumptions in:

- (i) Defining the service area of the proposed project;
- (ii) Projecting the MSGA discharge rates for its service area population;
- (iii) Projecting the market share of applicable MSGA discharges within the project's service area; and
- (iv) Projecting the average length of stay for MSGA discharges.

(b) An applicant proposing a project that changes MSGA bed capacity shall address the most recently published MSGA projections developed by MHCC pursuant to Regulation .05 of this chapter. In addressing these projections, the applicant will identify and justify substantive differences in its service-area level needs assessment compared to MHCC's published MSGA projections for the jurisdiction where the hospital is located.