

(1) **Financial Feasibility.**

A hospital capital project shall be financially feasible and shall not jeopardize the long-term financial viability of the hospital.

(a) Financial projections filed as part of a hospital Certificate of Need application must be accompanied by a statement containing each assumption used to develop the projections.

(b) Each applicant must document that:

(i) Utilization projections are consistent with observed historic trends in use of the applicable service(s) by the service area population of the hospital or State Health Plan need projections, if relevant;

(ii) Revenue estimates are consistent with utilization projections and are based on ~~current charge levels,~~ current rates of reimbursement or for a new hospital the anticipated rates of reimbursement, as determined through consultation with the Health Services Cost Review Commission.

~~(ii)~~(iii) Revenue estimates account for current contractual adjustments, ~~and~~ discounts, bad debt, and charity care provision, as experienced by the applicant hospital or, if a new hospital, the recent experience of other similar hospitals;

(iv) Staffing and overall expense projections are consistent with utilization projections and are based on current expenditure levels and reasonably anticipated future staffing levels as experienced by the

applicant hospital, or, if a new hospital, the recent experience of other similar hospitals; and

(iv) The hospital will generate excess revenues over total expenses (including debt service expenses and plant and equipment depreciation), if utilization forecasts are achieved for the specific services affected by the project within five years or less of initiating operations with the exception that a hospital may receive a Certificate of Need for a project that does not generate excess revenues over total expenses ~~even if utilization forecasts are achieved for the services affected by the project~~ when the hospital can demonstrate that the hospital's overall ~~hospital~~ financial performance will be positive and that the services will benefit the hospital's primary service area population.