Southeastern Orthopaedic Specialists

P.O. Box 14924
Greensboro, NC 27415

Guilford Orthopedic and Sports Medicine Center
1915 Lendew Street
Greensboro, NC 27408
Phone: (336)275-3325
Fax: (336)275-5346

Vincent E. Paul, MD *(Retired)*
Frank J. Rowan, MD
Peter G. Dalldorf, MD
John L. Graves, MD
Mark L. Dumonski, MD
Justin W. Chandler, MD
David A. Thompson, MD
Dominic W. McKinley, MD
Hao Wang, MD
Christopher Adair, MD
Austin Looney, MD

Murphy-Wainer Orthopedic Specialists
1130 N. Church Street
Greensboro, NC 27401
Phone: (336)375-2300
Fax: (336)375-2314

Daniel F. Murphy, MD *(Retired)*
Robert A. Wainer, MD
Joshua Landau, MD
W. Dan Caffrey, MD
Timothy D. Murphy, MD
Anna Voytek, MD *(Retired)*
James S. Kramer, MD
Rebecca S. Bassett, MD
Wesley R. Ibazebo, MD
Dax Varkey, MD
Julian D. Willoughby, MD
Daniel A. Marchwiany, MD

COMMENTS IN OPPOSITION TO HIGH POINT REGIONAL HEALTH'S APPLICATION TO DEVELOP A GREENSBORO HOSPITAL CAMPUS IN GUILFORD COUNTY

Project ID G-012330-23

Submitted By

SOUTHEASTERN ORTHOPAEDIC SPECIALISTS, P.A.

March 31, 2023

Southeastern Orthopaedic Specialists, P.A. ("SOS") respectfully submits these comments for the Agency's consideration in its review of the High Point Regional Health Certificate of Need ("CON") Application to develop a second Hospital in Guilford County by relocating 36 existing licensed Acute Care Beds, two existing licensed Operating Rooms ("ORs") and other capacities from High Point Medical Center ("HPMC"). The Applicant also seeks CON approval to acquire a new MRI scanner, pursuant to Policy TE-3.[1]

SOS opposes this project. SOS has provided physician services in Guilford County for decades. The SOS physicians know what level of physician coverage would be needed for the operation of a new hospital campus including an ED and multiple ORs and PRs. SOS likewise knows the doctors who practice in the area, their specialties, and their "band-width." SOS is in a unique position to offer the Agency the benefit of important observations about this proposed Greensboro hospital project. By its Comments, SOS seeks to emphasize in no uncertain terms that this Application does not present a viable plan for physician coverage of the facility as proposed:

- Specialty physicians practicing in this area of North Carolina are *already* meeting patient needs in multiple area facilities making it not only unnecessary but infeasible for these physicians to extend coverage to a new hospital location.

- Considering the excellent patient access now offered in the extensive beds, operating rooms, and emergency departments across the service area, this project represents an incredibly costly duplication of services that lacks any meaningful physician support.

In accordance with N.C. Gen. Stat. § 131E-185, SOS offers its comments on HPMC's Application with specific attention to:

1. Facts relating to the service area proposed in the Application;

2. Facts relating to the representations made by the Applicant in its Application, and its ability to perform or fulfill those representations; and

3. Whether the material in the Application and other relevant factual material shows the Application complies with relevant review criteria and performance standards.

[1] The sole applicant for the CON at issue is High Point Regional Health, a corporation. The sole member of High Point Regional Health is Wake Forest University Baptist Medical Center ("WFBMC"). WFBMC is part of Atrium Health and Atrium Health is now managed and overseen by Advocate Health. Throughout its Application, reference is made to High Point Medical Center ("HPMC") proposing to develop an additional hospital campus. To be consistent with the Application, these Comments will refer to HPMC as the entity proposing to develop the project. However, it should be noted that the Applicant is High Point Regional Health, not HPMC.

CRITERION (1)

(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.

HPMC's project is not filed in response to a Need Determination in the 2023 State Medical Facilities Plan ("SMFP"). Notably, there is no need in the Guilford County service area for new acute care beds or operating rooms ("ORs") because the County has a reported surplus of beds and ORs. While the HPMC proposal will not add to the existing inventory of beds and ORs, it will involve a capital expenditure of at least $246 million[2] to construct a facility housing beds and ORs in a County that is already over-built with bed and OR capacity per the 2023 SMFP. Other than Policy GEN-4, the only Policy applicable to this Application is Policy TE-3. *See* Discussion following Criterion (18a).

CRITERION (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.

Because the HPMC CON Application is not based on sound assumptions about physician coverage, its utilization projections are not reasonable and adequately supported. Unsupported utilization projections render the Application non-conforming to Criterion 3 as well as to other Criteria.

HPMC proposes a Greensboro hospital campus with a 24/7/365 Emergency Department ("ED") with 20 ED bays – HPMC says this about physician coverage for the proposed ED:

> *... GMC ED physicians will be provided by AHWFB. These leading physicians are board-certified and residency-trained in emergency medicine. AHWFB is an internationally known leader in Emergency Medicine Care. It has one of the oldest emergency medicine training programs in the country, and its research has helped shape Emergency Care across the United States.*

This verbiage in the HPMC CON Application side-steps important questions about the availability of appropriate physician coverage for the proposed Greensboro Hospital and its ED. Instead of documenting the necessary physician support, the HPMC CON Application states that Atrium and

[2] The financing letter in the HPMC Application purports to commit up to $275 million for its project.

Wake Forest are recognized leaders in the provision of emergency care. Such a general statement about reputation falls well short of an actual plan to provide essential physician coverage for the Applicant's proposed beds, operating rooms, and ED in Greensboro.

The HPMC Application includes in Exhibit I.2.2 a series of letters which, on first blush, may appear to evidence physician support for the proposed hospital/emergency department in Greensboro. HPMC states that it defined its project "to match the physician interest documented in Exhibit I.2.2." The Agency should not be misled by letters written by individuals who are not physicians in position to refer and care for patients in this proposed hospital in Greensboro.

A closer examination reveals that nearly all the letters in Exhibit I.2.2 are written by individuals who are not practicing physicians in Greensboro. In fact, many of these physicians are **professors** who do not practice medicine at all. SOS can attest that the private physicians in Greensboro and those serving the Cone Health facilities throughout the area have no intention of staffing this facility or expanding their schedules to provide care at this proposed facility. Moreover, it is absurd to suggest that the professors and others authoring these letters will somehow attract a range of new physicians to Greensboro by building a 36-bed community hospital.

Date of Letter	Author	Position	Primary Location	Affiliation
1/17/2023	Jim Hockstra, MD	President	High Point	Atrium Health-Wake Forest Baptist High Point Medical Center
1/18/2023	Steve Lucey, MD	Orthopaedic Surgeon	Greensboro/ Asheboro	Sports Medicine & Joint Replacement - an affiliate of Wake Forest Baptist Health
1/19/2023	Richard W. Lord, Jr., MD	Primary Care/**Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/19/2023	Douglas G. Ririe, MD	Anesthesiologist/ **Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/19/2023	Cynthia L. Emory, MD	Surgeon/**Professor**/ Vice Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/19/2023	Temple Kellerman, DNP, MSN, RN	Director of Nursing	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/19/2023	Deron Mabe	Associate VP, Clinical Operations	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/19/2023	Kevin Smith	VP Chief Operating Officer	High Point	Atrium Health-Wake Forest Baptist
1/19/2023	Paul Correa, RN	Chief Nursing Officer	High Point	Atrium Health-Wake Forest Baptist
1/19/2023	L. Dale William, MD	Chief Medical Officer	High Point	Atrium Health-Wake Forest Baptist High Point Medical Center
1/20/2023	Lisa R. David, MD	Surgeon/**Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist

Date of Letter	Author	Position	Primary Location	Affiliation
1/20/2023	Eric D. Hsi, MD	Pathologist/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/20/2023	Chadwick Miller, MD	Emergency Medicine/**Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/20/2023	Charles H. Tegeler, MD	Neurologist/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/20/2023	Ronald L. Davis, III MD	Urologist/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/20/2023	Girish Mishra, MD	Gastroenterology/ Internal Medicine/ **Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/20/2023	Andrea Fernandez, MD	OBGYN/**Professor**	Winston-Salem	Atrium Health-Wake Forest Baptist
1/20/2023	Todd M. Bankhead, MBA	Sr. VP Clinical Operations	Winston-Salem	Atrium Health-Wake Forest Baptist
1/23/2023	A. William Blackstock, MD	Oncologist/**Professor** /Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	Matthew S. Edwards, MD	Surgeon/**Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	L. Andrew Koman, MD	Surgeon/**Professor** /Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	Gary E. Rosenthal, MD	Internal Med/**Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	Lindsay C. Strowd, MD	Dermatologist/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	Richard Aronson, MD	General Practitioner	Greensboro	Guilford Medical Associates
1/23/2023	Jordan Case, MD	Surgeon/**Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	Robert H. Hurley, MD	Anesthesiologist/ **Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	Bayard L. Powell, MD	Oncology/Internal Medicine/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	Thomas Pranikoff, MD	Pediatric Surgeon/**Professor**	Winston-Salem	Brenner Children's Hospital Wake Forest Baptist Health
1/23/2023	Heath C. Thorton, MD	Family-Sports Medicine/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/23/2023	Alisa L. Starbuck, DNP, APRN	President, Brenner Children's Hospital	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist

Date of Letter	Author	Position	Primary Location	Affiliation
1/23/2023	Kevin P. High, MD	President, Atrium Health Wake Forest Baptist	Winston-Salem	Atrium Health-Wake Forest Baptist
1/24/2023	Anthony Atala, MD	Urologist/**Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/24/2023	J. Dale Browne, MD	Otolaryngology/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/24/2023	J. Wayne Meredith, MD	Surgeon/**Professor**/ Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/24/2023	Lindsay A. Thompson, MD	Pediatrician/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/24/2023	Eleanor P. Kiell, MD	Otolaryngology/ **Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/25/2023	Jason Hoth, MD	Surgeon/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/25/2023	Alisha T. DeTroye, MMS	Regional Director of Advanced Practice	Winston-Salem	Atrium Health-Wake Forest Baptist
1/25/2023	Julie Ann Freischlag, MD	Chief Executive Officer	Winston-Salem	Atrium Health-Wake Forest Baptist
1/26/2023	Robert Phillips Heine, MD	OBGYN/**Professor** /Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/26/2023	Chi-Cheng Huang, MD	Hospital Medicine/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/26/2023	Rajiv Shah, MD	Ophthalmologist/ **Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/26/2023	Perry Shen, MD	Surgeon/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/26/2023	Andrew White, MD	General Surgeon	High Point	Atrium Health-Wake Forest Baptist
1/27/2023	Craig M. Greven, MD	Ophthalmologist/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/27/2023	Dianna S. Howard, MD	Internal Medicine/ **Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/27/2023	R. Shayn Martin, MD	Surgeon/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/27/2023	Jenna Folger	VP, Enterprise Strategy & Regional Planning	Winston-Salem	Atrium Health-Wake Forest Baptist
1/30/2023	Ruth M. Benca, MD, PhD	Psychiatrist/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/30/2023	Matthew Giegengack, MD	Ophthalmologist/ **Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/30/2023	Catherine A. Matthews, MD	Surgeon/Urologist/ **Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist

Date of Letter	Author	Position	Primary Location	Affiliation
1/30/2023	Lucas Neff, MD	Surgeon/**Professor**	Winston-Salem	Brenner Children's Hospital Wake Forest Baptist Health
1/30/2023	Michael T. Waid	Sr. VP, Health System Operations and Integration	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/30/2023	David Zhao, MD	Cardiology/Internal Medicine/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
1/30/2023	Elisabeth M. Stambaugh, MD	Gynecologist/ Chief Medical Officer of Wake Forest Health Network	Winston-Salem	Wake Forest Health Network Atrium Health-Wake Forest Baptist
1/30/2023	Jennifer A. Houlihan	VP Value Based Care & Population Health	Winston-Salem	Atrium Health-Wake Forest Baptist
1/30/2023	Deb Harding, DNP, RN	VP, Regional Chief Nurse Executive	Winston-Salem	Atrium Health-Wake Forest Baptist
1/30/2023	Terry Hales	SVP & Executive Chief Academic Officer	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
2/1/2023	Russell M. Howerton, MD	Surgeon/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
2/7/2023	P. Matthew Belford, MD	Cardiologist/ **Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
2/7/2023	S. Patrick Whalen, MD	Cardiologist/ **Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
2/7/2023	Erik Summers, MD	Internal Medicine/**Professor**	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
2/8/2023	Charles L. Branch, Jr. MD	Neurosurgeon/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
2/8/2023	Christopher T. Whitelow, MD	Radiologist/ **Professor**/Chair	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist
2/9/2023	John A. Wilson, MD	Neurosurgeon	Winston-Salem	Wake Forest School of Medicine Atrium Health-Wake Forest Baptist

Wake Forest University School of Medicine is the medical school of Wake Forest University, with two campuses located in Winston-Salem and Charlotte. Professors at Wake Forest University School of Medicine are not the equivalent of practicing physicians who will see patients who present in the ED at a hospital campus in Greensboro. Beyond the professors and non-physicians, there are less than a handful of supporting physicians represented in the letters appended to the HPMC Application.

Absent from the HPMC Application are letters of support from physicians at the various Atrium-owned practices listed on pages 40-41 of the HPMC Application. **Nothing exists to show that these Atrium doctors were "looped in" or even knew about this project proposal before it became public with the CON Application filing.**

A search of the North Carolina Medical Board site reveals that the physicians in these practice locations include doctors who already have admitting privileges at:

- High Point Medical Center;
- Moses Cone Memorial Hospital;
- Wesley Long Community Hospital;
- Wake Forest Baptist Health-Davie Hospital; and
- Wake Forest Baptist Medical Center.

Certain physicians also show admitting privileges at other sites, including the Select Specialty Hospital located within Moses Cone Memorial Hospital or at Atrium's Lexington Medical Center, which is south of Winston-Salem, some 45 minutes from Greensboro.

Notably, the Application does not show these physicians professing any support or intention to cover yet another hospital campus. Conspicuously, the Applicant furnishes letters from Department Chairs at the Wake Forest University School of Medicine instead of from doctors who could reasonably be expected to care for patients and support HPMC's utilization projections.

Area physicians work tirelessly to provide care now to patients in beds, emergency departments, and operating rooms at an array of existing facilities within 10-15 miles of the proposed facility including at Moses Cone, Wesley Long, the Greensboro Specialty Surgical Center, as well as at Novant's hospital in Kernersville and at Cone Heath Drawbridge and Cone Health Med Center in High Point. The proposed facility is a duplication of services at an incredibly high cost and satisfies no unmet need whatsoever.

The HPMC Application merely "assumes" that the specialty physicians who are already practicing in and around High Point, Winston-Salem, Lexington, Kernersville, and Greensboro are willing and able to provide the support necessary for operation of a new 24/7/365 ED, acute care beds and operating rooms at yet another hospital campus. This assumption is not reasonable or adequately supported by the information included in the HPMC Application.

It is fundamental that utilization for an ED (and for hospital ORs and beds) is physician-driven. While patients do "self-present" to an ED seeking care, ultimately, an ED (with 20 ED treatment bays) cannot reasonably project to serve a significant volume of patients without documenting that it will have access to sufficient physician coverage to offer the services it promises. Patients cannot be cared for in an ED, admitted to a hospital bed, or taken into surgery in a hospital OR without a physician order and without qualified physicians to provide the care and services the patients require.

It is arbitrary and capricious to approve a new hospital ED in Greensboro based on a CON Application that simply does not document that the ED will have access to sufficient physician coverage to treat the patients who present with a medical emergency. The academic reputation of Atrium/Advocate and Wake Forest Baptist University School of Medicine will not provide the hands-on physician care to the patients in the ED and the doctors in the Atrium-owned practices have not voiced support for this project.

In fact, precious little is included in the Application as filed to even indicate that the Atrium doctors were informed of this proposed project before the CON Application was submitted for the Agency's review. SOS has reason to suspect that even Atrium-affiliated physicians knew next to nothing about this project before the proposal was publicly revealed. The Agency should consider whether the few physician letters included in this CON Application were crafted and stamped by the Applicant or truly represent meaningful physician input on this project. While Atrium may employ these physicians, nothing is provided in the Application to demonstrate to the Agency that reluctant physicians will be or can be compelled by Atrium to cover a new Greensboro hospital.

Instead, what can be reasonably expected to occur is a dearth of local physician coverage for this Greensboro campus and, at best, some coverage from WFU Winston-Salem physicians who do not provide local care for the patients presenting with medical needs. This would be a sub-optimal scenario under which patients are left to see doctors who are not their local physicians and reside and practice outside of Guilford County.

SOS has provided physician services in Guilford County for decades. The SOS physicians know what level of physician coverage would be needed for the operation of a new hospital campus including an ED and multiple ORs and PRs. SOS likewise knows the doctors who practice in the area, their specialties, and their "band-width."

SOS emphasizes this: This HPMC Application does <u>not</u> present a feasible plan for physician coverage of the facility as proposed. Specialty physicians practicing in this area of North Carolina are ***<u>already</u>*** covering multiple sites of service making it infeasible for these physicians to extend coverage to a new hospital location. The private physicians and Cone Health physicians in the area have made it plain that they do not intend to staff or care for patients at this proposed hospital.

By way of example, if a patient presents in an ED with a critical condition such as damage to a leg upon an acute injury such as from a direct blow, a penetrating injury, or a fall, the emergency department physician will need to bring in a lower extremity specialty surgeon with appropriate qualifications to address the patient's condition. The HPMC Application does not explain how it expects to have access to, in this example, a qualified lower extremity specialty surgeon to meet the patient's needs.

The SOS surgeons who practice in Guilford County ***<u>already</u>*** provide care and on-call coverage for patients presenting in the emergency departments at the main Cone hospital facility and at Wesley Long. Physicians aged 55 years and under are already expected to provide care and on-call coverage for these large hospitals in Greensboro which, in turn, provide care for patients presenting to hospitals such as Annie Penn who are often transferred to Greensboro to receive specialty care. Even the most well-intentioned medical specialists cannot feasibly cover an unlimited number of different sites of service around-the-clock 365 days per year.

If SOS physicians do not establish privileges at the new Greensboro campus, existing SOS patients may nonetheless present there for care creating an issue for continuity of care and the likelihood for confusion and disruption in patient care. Yet, if SOS physicians were to establish

privileges at the new Greensboro campus, doing so would involve multiple obligations for on-call coverage and the provision of patient care in this new Greensboro facility. These are obligations the SOS physicians are not in position to accept, considering their already demanding practice responsibilities.

If the SOS physicians do not serve patients in this new Greensboro facility (and other similarly situated physicians likewise opt not to establish privileges), it is unclear who will provide the physician services at this new hospital facility. The Atrium doctors who actively practice in Greensboro have not voiced their support or intention to cover this proposed facility. Demonstration of support from the types of physicians who are needed to support a hospital with an active ED is most certainly ***not*** included in the HPMC Application as filed. If this project is nonetheless approved, the most likely result will be a new hospital campus that is poorly covered and, ultimately, poorly utilized.

The opportunity to practice at a 36-bed hospital in Greensboro is unlikely to draw a range of new specialty physicians to the area. Thus, it would be folly to assume that the specialists needed to provide coverage for this hospital will come in a wave of new doctors moving to Greensboro for the chance to work at this satellite campus facility. Patients in Guilford County and surrounding areas rely on SOS and other strong physician groups in the area for their specialty care needs. Without the backing of these area surgeons and specialists, this proposed hospital is conceptually flawed.

HPMC admits on Application page 61 that its physician support letters are written by WFU Department Chairs to "reference plans to add physicians in various specialties, including the specialties that will be supported at GMC." Undefined "plans to add physicians in various specialties" cannot suffice to support projected utilization which is fundamentally dependent on sufficient physician coverage.

The CON Law is designed to avoid project approvals premised on an "if you build it, they will come" philosophy. It is arbitrary and capricious to authorize the development of a $246 million hospital without documented physician coverage for the facility. The HPMC Application fails to provide critically important evidence of physician support.

The Application at issues states that "physicians who currently admit and treat patients at HPMC will be members of the medical staff at the proposed GMC." (App., p. 32). The Applicant is assuming that physicians who admit patients into the hospital in High Point will be willing and able to also admit, round, perform surgeries, and care for inpatients at a new hospital in Greensboro, in addition to meeting their obligations to see patients at other sites and in their ongoing practices. The SOS doctors are not willing to do so and the larger physician community in Greensboro has demonstrated no interest in doing so.

SOS and physicians in the Greensboro community do not have concerns over any lack of access to facilities for the provision of patient care. Existing offerings includes hundreds of acute care beds in Greensboro and a new ED in a medical complex at Drawbridge. **According to Google Maps, this all-new proposed Emergency Department in Greensboro is only 1.9 miles or approximately three (3) minutes from the Cone Health Drawbridge Emergency Department.**

SOS is joined by other area physicians in a well-founded belief that area facilities are adequately sized and available to allow patients timely access to appropriate sites of care.

Even for physicians employed by the Applicant, each physician has a limit on the patients the physician can serve across multiple sites. If Atrium/Advocate can dictate how many different sites their doctors will serve, it is curious that these doctors were not compelled to write in support of the Application.

Nothing in the Application as filed demonstrates that Atrium/Advocate can force its employed physicians to take call or attend to inpatients at the new proposed campus. It is unreasonable to assume that employed physicians can be required to cover a new hospital campus without anything in the CON Application to document as much.

Independent physicians have choices to make on the feasibility and desirability of serving patients in different facilities in different cities which, of course, involves repeat travel. The Agency should not jump to the conclusion that practicing doctors in the area will support this new hospital in Greensboro. In fact, the SOS doctors do not support the development of this new hospital because of their concerns about seeing patients 24/7/365 at Cone sites and at this newly proposed hospital (in addition to in their regular office practices).

Healthcare planning for acute care beds and ORs is done on a county-by-county basis. Atrium complains it lacks a hospital in Greensboro, but it has a hospital in High Point, both of which are in Guilford County, approximately twenty minutes apart. No healthcare planning principles state that there should be multiple acute care hospitals every twenty minutes across the State. Cone Health's main hospital already offers patients 700+ hospital beds and 40+ ORs in Greensboro.

Taken together, the Cone and Wesley Long hospitals are of a significant size and demand significant physician coverage to function. Expecting area doctors to cover yet another hospital campus in Greensboro is unrealistic; absent physician coverage, the plans for this new hospital are not reasonable and adequately supported. The Agency should not approve a multi-million-dollar hospital that lacks a reasonable chance to perform as projected.

The 2023 State Medical Facilities Plan did not identify the need for any new hospital beds or ORs in Guilford County because the County is already overbuilt by State standards for both acute care beds and ORs. And the 2023 Plan shows no need for any additional MRI capacity in Guilford County.

While the proposal at issue will not add to existing inventories, in evaluating whether there is a need for an all-new $246 million hospital in Greensboro, it is critical to note that Healthcare Planning methodologies show the area is already sufficiently served by the capacities now offered to Guilford County residents through existing facilities in both High Point and Greensboro. Cone Health MedCenter High Point also offers a 24-hour free-standing emergency department which provides onsite lab and imaging services, as well as an outpatient pharmacy with extended weekday hours. MedCenter Greensboro at Drawbridge Parkway includes Cone Health's second free-standing emergency department.

It is disingenuous for the Applicant to claim there is a lack of competition for health care services in Guilford County. While Atrium/Advocate has its hospital beds in High Point and Cone Health has its hospital beds in Greensboro, these health systems most certainly robustly compete in the Guilford County "marketplace" and offer healthcare consumers a full range of health care capacities throughout various locations in the County.

Atrium argues it must move beds out of HPMC to plan for the possibility of future capacity constraints there. Atrium appears to suggest that if patients from throughout Guilford County, including the Greensboro area, continue to use HPMC, it will experience "future capacity constraints." This argument ignores the 2023 Plan data showing that HPMC has a large surplus of acute care beds and ORs based on reported utilization. HPMC has fully 76 more acute care beds than are needed based on its utilization, including the utilization from residents coming from in and around Greensboro. HPMC has a surplus of 2.67 ORs. *See* Tables 5A and 6B of the 2023 Plan.

This line of argument is rather counter-intuitive in that there is no contemplated increase in bed capacity associated with this proposal. If beds are moved, HPMC will have fewer beds and less capacity to meet future patient demands. If HPMC fears it will be constrained absent the approval of this project, ultimately, that fear is rather misplaced because HPMC has many more beds than it needs. This project most certainly does not merit approval to remove any so-called capacity constraints in the foreseeable future at HPMC.

Flaws in the HPMC Need Methodology

HPMC's demonstration of need is questionable because it relies on assumptions which are not demonstrated to be reasonable and adequately supported. To cobble together sufficient utilization for its project, HPMC makes the unreasonable assumption that the new Greensboro hospital will serve lower-acuity patients, residing in a defined service area, that historically chose care at any one of several Atrium hospitals, including Wake Forest Baptist Hospital.

HPMC assumes the new Greensboro hospital will serve a significant portion of the lower-acuity patients from its defined service area (consisting of 24 zip codes) who historically received hospital care at:

- Wake Forest Baptist Hospital;
- High Point Medical Center;
- Davie Medical Center;
- Lexington Medical Center; or
- Wilkes Medical Center.

Specifically, by Year 3, the Applicant is assuming that from 30% to 90% of its historically served patient population in each zip code will opt for care at the new hospital in Greensboro, instead of at any of the listed Atrium facilities. (App., p. 143).

Patients and physicians choose a hospital site-of-service for a variety of reasons. HPMC does not appear to have delineated what portion of this "shifting" population is comprised of the patients historically served at Wake Forest Baptist Hospital. However, historical discharge data (App., p. 141) shows about 1/3 of the patients are residents of Forsyth County (*e.g.,* Kernersville, Walkertown, etc.).

Even when the hospital care required is not classified as a "high acuity" need, patients are unlikely to view a 36-bed hospital in Greensboro as a functional equivalent of Wake Forest Baptist Hospital in Winston-Salem. Yet, the Applicant appears to project utilization by assuming that a significant portion of patients within its zip code-defined service area that historically chose Wake Forest Baptist Hospital for hospital care will now be cared for in a small community hospital on a new Greensboro campus. This assumption lacks common-sense support.

Moreover, HPMC assumes patients residing outside Guilford County will forego their own community hospitals and opt for care at the proposed community hospital in Greensboro. Zip Codes 27052 and 27042 are in Stokes County, home to LifeBrite Community Hospital. Zip Codes 27320, 27357, and 27025 are all in Rockingham County, home to Cone Health Annie Penn Hospital. If patients from these areas left the County to access care at an Atrium facility, it is likely that facility was Wake Forest Baptist in Winston-Salem. In the future, it would be reasonable to assume that this patient population would continue to opt for Wake Forest Baptist, not an alternate small community hospital in Greensboro. Yet, in Year 3, 95 of the projected 680 discharges (about 1 out of every 7 patients) are expected to originate from these zip codes.

The historic Atrium population to be served has no need for an alternate hospital in Greensboro – patients can continue to access the unused capacity in their home county at HPMC or, for specific reasons, opt to travel to receive care at Wake Forest Baptist Hospital in Winston-Salem. HPMC "hides the ball" by describing – but not quantifying by facility -- a shift of patients from a long list of Atrium facilities, including Atrium hospitals in Davie, Lexington, and Wilkes. Chances are most of the patients from the Greensboro area who were served in an Atrium facility were not served at Davie, Lexington, or Wilkes – a far more likely inference would be that the bulk of Greensboro area patients served by an Atrium facility were either already served in their home county at HPMC or opted (for their own reasons) to receive care at Wake Forest Baptist in Winston-Salem.

In the Caldwell Surgery Center Review, Project ID #E-10261-14, the Agency found the Application as filed non-conforming with Criterion (3) in part because the Application used vague references and did not specify the facilities from which it expected to shift patients:

> *While the applicants state that the project will shift some cases from hospitals from outlying communities, the applicants do not explain in the application as submitted what they mean by "some." Nor do the applicants identify in the application as submitted the "hospitals in outlying communities."*

This same problematic issue is presented by the HPMC Application as filed.

It is not reasonable to assume that patients will travel to a small community hospital in Greensboro from zip codes in other Counties (with their own community hospitals) without further explanation which was not offered in the HPMC Application. Again, this flaw is like the Caldwell Surgery Center Review, Project ID #E-10261-14, where the Analyst concluded:

> *However, the applicants do not provide sufficient information in the application as submitted to document that it is reasonable to assume residents of these counties would travel to the proposed ASF for outpatient surgery services. These counties all lie north or west of Caldwell County. Assuming residents of these counties would utilize main roads, they would have to travel more than 10 miles past the hospital and its four shared ORs to reach the proposed ASF.*

HPMC fails to satisfy Criterion (3) because its projections are based on "selected" data on acuity-adjusted discharges from area Atrium facilities of residents from the proposed GMC service area.

The data (shown on App., p. 141) indicates the following:

	2018	**2019**	**2020**	**2021**	**2022***
Discharges	3,542	3,356	3,206	3,410	3,226

Per the Applicant, *2022 Data is Annualized based on Six Months of Actual HIDI Data.

The Applicant calculates two CAGR values: 2019-2021 at 0.80% and 2020-2022* at 0.31% and then proceeds to use the higher CAGR in its methodology.

The Applicant's approach first raises the question as to why Atrium did not present its actual discharge data for CY 2022 when it filed its Application in mid-February 2023. Nothing required Atrium to rely solely on HIDI data and one would reasonably presume Atrium had access to its own discharge data through CY 2022 in time to utilize that data in preparation of this Application.

Next, the reliance on a 0.80% CAGR is not reasonable and adequately supported considering the following:

2018-2021	CAGR	**-1.26 %**
2018-2022*	CAGR	**-2.31 %**
2019-2021	CAGR	**0.80 %**
2019-2022*	CAGR	**-1.31 %**
2020-2022*	CAGR	**0.31 %**

HPMC simply picked the highest positive CAGR and set aside the data showing a trend of either declining discharges or only slight growth.

The 2022* annualized discharges of 3,226 are **lower** than the discharges posted for 2018, 2019 and 2021. The year 2020 is only 20 discharges different than 2022*.

The data which captures the longest period is the 2018-2022* data which shows more than a 2.3% **decline** in discharges. The next longest period is the 2019-2022* data which shows over a 1.3% **decline** in discharges.

The Applicant's projections are questionable because the Applicant relies on a 0.80% growth assumption when data presented by the Applicant for 2018 through 2022 shows declining utilization or only the slightest growth. The applicant projects discharges based on a projected growth rate that is not reasonable and adequately supported. The applicant does not provide a reasonable basis in the application as submitted for applying a 0.80% growth rate to discharges considering its actual historical experience.

Moreover, as explained below, the HPMC Application does not demonstrate that access for low-income and medically underserved groups will be enhanced by its proposal to relocate beds and ORs from High Point to Greensboro. *See* discussion of the stark demographic differences between the areas surrounding HPMC and the proposed Greensboro site.

CRITERION (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.

The HPMC proposal to relocate beds and ORs from High Point to Greensboro is not conforming to Criterion (3a). The HPMC proposal is much like the 2014 proposal to relocate ORs in Caldwell County, Project ID #E-10261-14. There, the Agency found:

> *The applicants do not provide sufficient information in the application as submitted to adequately document that relocating the existing dedicated outpatient ORs from the City of Lenoir in the center of the county where more low-income and medically underserved groups reside to a location near the southern Caldwell County line where fewer low-income and medically underserved groups reside would not negatively impact access by low-income and medically underserved groups. Therefore, the applicants do not adequately demonstrate that the needs of the patients currently utilizing CMH and HSC for outpatient surgery services will be adequately met following completion of the project. Consequently, the application is nonconforming to this criterion.*

HPMC is located at 601 North Elm Street in High Point in zip code 27262. The proposed hospital campus in Greensboro is located at 2909 Horse Pen Creek Road in Greensboro in zip code 27410. Any number of statistics can be cited to show the marked difference in the demographics as between these two zip codes.

When the website unitedstateszipcodes.org reported a median household income in zip code 27262 of $39,867, for that same year, the website reported a median household income in zip code 27410 of $60,097. Mathematically, the percentage difference in the reported income levels in these two zip codes is over 40%.

In commenting on educational attainment, unitedstateszipcodes.org says this about High Point zip code 27262: “The percentage of people that did not graduate high school is among the highest in the nation.”

At the time the High Point zip code 27626 median home value was estimated at $160,700, the Greensboro zip code 27410 median home value was estimated at $201,600, a difference of over 20%. *See* unitedstateszipcodes.org.

When considering the 25 Wealthiest Zip Codes in North Carolina, one finds that 27408 ranks #7. This zip code area is proximate to the site selected for the new hospital, zip code 27410.

When considering the 25 Poorest Zip Codes in North Carolina, one finds that 27260 ranks #3. This zip code area is proximate to the area where HPMC now exists, zip code 27262.

Citing data from the U.S. Census Bureau American Community Survey 5-year estimates for 2017, unitedstateszipcodes.org reports that High Point zip code 27260 is one of the very poorest communities in all of North Carolina (#4, with a median household income of just over $25,000).

SOS maintains offices on North Church Street in Greensboro. The Route 3 bus in Greensboro serves the North Elm/Church Street area with service to Greensboro Kidney Center, Guilford County Mental Health Department, Guilford County Courthouse, Melvin Municipal Office Building, and Moses Cone Hospital. The Route 7 bus serves the Guilford Mental Health Department, Greensboro College, Guilford County Courthouse, and Wesley Long Community Hospital. The Agency should consider whether there is even a single bus stop within a mile of the site proposed for this new hospital. Those who know the area know the site chosen for this hospital is not a site that reflects a focus on enhancing indigent patient access.

In short, it is beyond debate that the proposal at issue would move health care capacities out of a low-income area of Guilford County and relocate those health care assets to a markedly more affluent part of the County. Relocating existing health care capacities to a demographically more affluent area of the County does not advance the goals of quality, access or value. *See also* discussion of cost differences for ED visits and other care at area facilities.

The HPMC Application as submitted fails to adequately document that relocating beds and ORs from High Point where more low-income and medically underserved groups reside to a Greensboro location where fewer low-income and medically underserved groups reside would not negatively impact access by low-income and medically underserved groups. Therefore, HPMC did not adequately demonstrate that the needs of the patients currently utilizing HPMC will be adequately met following completion of the project. Consequently, the HPMC application is nonconforming to this criterion.

CRITERION (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.

The HPMC Application is not conforming to all other applicable statutory and regulatory review criteria, and thus, is not approvable. An application that cannot be approved cannot be an effective alternative.

The applicant did not adequately demonstrate the need it has for the proposed project because the applicant did not demonstrate that projected utilization is based on reasonable and

adequately supported assumptions. The discussion regarding analysis of need including projected utilization found in Criterion (3) is incorporated here by reference. A proposal that is not needed by the population proposed to be served cannot be the most effective alternative. A project that is unnecessarily duplicative cannot be the most effective alternative. The discussion regarding unnecessary duplication found in Criterion (6) is incorporated here by reference.

Because the applicant did not demonstrate the need to develop a new hospital, it cannot demonstrate that any enhanced competition in the service area includes a positive impact on the cost-effectiveness of the proposed services. An applicant that did not demonstrate the need for a proposed project cannot demonstrate the cost-effectiveness of the proposed project. The discussion regarding demonstrating 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, found in Criterion (18a), is incorporated here by reference. A project that cannot show a positive impact on the cost effectiveness of the proposed services as the result of any enhanced competition cannot be the most effective alternative.

The development of a $246 million hospital project that adds no new beds or ORs to Guilford County is demonstrably not the least costly or most effective alternative to meet the needs for hospital-based care. This very costly project adds a new campus with no demonstration that area physicians are available and willing to provide the required coverage, including on-call coverage, for the site. The project is costly and ineffective and thus, not the optimal alternative to meet the needs of area residents. Area residents already have ample access to beds and ORs and their health care needs do not require a new $246 million hospital project.

The HPMC Application does not demonstrate conformity with Criterion (4) because it fails to identify and discuss the alternative of relocating an existing fixed MRI to the proposed hospital campus in Greensboro as an alternative method of meeting the need for MRI services at that site. HPMC is not a Level I Trauma Center and already has two (2) existing fixed MRI scanners plus a mobile MRI scanner arrangement with Premier Imaging. HPMC did not discuss why acquiring a new MRI scanner would be more effective (or not more effective) as compared to relocating an existing fixed MRI scanner from High Point. As of 2022, every Hospital in North Carolina proposing a satellite campus (save WakeMed) has proposed relocation of an existing fixed MRI scanner. As such, HPMC should have readily recognized this alternative and provided a meaningful discussion to indicate its consideration and evaluation of this alternative.

Relocating an existing fixed MRI scanner was determined to be the least costly or more effective alternative by various health care systems when establishing ten (10) new satellite hospital campus locations in North Carolina. Relocating a fixed MRI scanner is most likely a less costly and more effective alternative as compared to acquiring a new fixed MRI scanner. At a minimum, HPMC should have included a discussion of this alternative; HPMC failed to do so and thus, did not demonstrate its conformity to Criterion (4).

CRITERION (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.

The HPMC assumptions used in preparation of the pro formas -- specifically, the projected utilization assumptions – are not reasonable and adequately supported for the reasons discussed above under Criterion (3). As projected revenues and costs are based in part on projected utilization, the resulting projections are questionable. The HPMC Application as filed did not adequately demonstrate that the financial feasibility of its proposal is based on reasonable projections of costs and charges. Thus, the Application is nonconforming to Criterion (5).

Atrium Health Wake Forest Baptist had $332 million in cash and cash equivalents per its audited 2021 Financial Statement and has $177 million in cash and cash equivalents per its unaudited 2022 Financial Statement. This is a 46.5% decrease in available cash/cash equivalents in one year.

The project proposed by this Application will require $246 million to develop; Atrium Health Wake Forest Baptist agrees to make available up to $275 million for the project.

- AHWFB cannot pay $275 million with the $177 million in cash and cash equivalents shown in its Financial Statements.

The Atrium Health Wake Forest Baptist Financial Statements show larger sums if additional amounts, such as for receivables and "other" current assets, are counted but the Application provides no details on the extent to which those sums are appropriately viewed as cash available for the project proposed in this Application. Presumably, "assets" listed on various lines, such as Property and Equipment and Goodwill, do not represent sums of money that could be spent to build the proposed new hospital.

The financing letter asks the reader to review the line item "Net assets: unrestricted" but this does not appear to be a label next to any amount in the Financial Statements. AHWFB has enormous property holdings and assets of various types but there should be clarity around the funds available for a project for which $275 million may be required. That clarity is lacking.[3]

Perhaps recognizing that, after nearly a 50% one-year decrease, AHWFB lacks "cash and cash equivalents" of a sufficient magnitude to cover this single hospital project, AHWFB has indicated it might use bond financing. Mr. Lillie, Senior VP and CFO, does not attest that he

[3] In the 2022 Buncombe/Graham/Madison/Yancey Acute Care Bed Review, the Agency found Novant Health did not demonstrate availability of funds. Large health systems are under the same legal mandate as any other applicant to make a reasonable and supported showing of fund availability. Like Novant Health, HPMC (Atrium) is not excused from Criterion (5).

himself can authorize AHWFB to pursue a bond financing. All he states in his letter is that the financing source "may change." No other letter or statement documents that any bond Issuer has expressed an interest in authorizing $275 million in bond financing. The Agency cannot merely accept this fallback financing mechanism of "bond financing" with zero information on the specifics of the proposed bond financing.

The Application as submitted does not document the likelihood of securing bond financing. The Application Form at page 80 specifically asks the Applicant to "document that the source of the financing is reasonably likely to make the funds available for the project." Nothing in the Application as filed provides this requested documentation as to a bond financing. At least these obvious questions, if not others, are left unaddressed:

> Can additional bond financing even be issued on top of all the other outstanding bonds?[4] What type of bond would be involved? Who will serve as the Issuer? Is there a reasonable likelihood that an Issuer will issue bonds at the Applicant's request?

No officer of the Applicant attests that financing via bonds will be available when needed to build the $246 million hospital in Greensboro. Although a passing reference is made to bond financing and sums for associated costs are added to the financial projections, the Agency cannot conclude that this Applicant adequately documented "bond financing" as a funding source for this project given the complete dearth of details and utter lack of bond financing authorization provided in the Application as filed.

When an Applicant indicates financing will be via a bank loan, the Agency asks for a few basic details which the Applicant usually includes in a letter from a bank expressing knowledge of the project and its costs, an interest in making a loan subject to underwriting, and a forecast of possible interest and repayment terms. With that, the Agency knows the name of the bank interested in loaning the funds (based on its assessment or relationship with the borrower and its knowledge of the project) and the potential terms that may apply. Here, for bond financing, the Agency has none of that information. Thus, the Application as filed does not adequately demonstrate that the $240+ million for this project is reasonably likely to be available via bond financing.

Advocate Aurora Health merged with Atrium Health in December 2022. Media accounts indicated that the newly merged company would "review their debt structures after completing a union that creates the nation's fifth largest not-for-profit health care system." The merged system expects to treat six million patients annually making it the fifth largest not-for-profit system in the country, with 67 hospitals in Illinois, Wisconsin, North Carolina, South Carolina, Georgia, and Alabama.

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[4] It appears Atrium Health Wake Forest Baptist already has numerous bonds, including bonds issued by the Medical Care Commission, bonds issued by Wake Forest Baptist University Medical Center, and bonds issued by a "Public Finance Authority." The bonds include various types of bonds from revenue bonds to taxable bonds to refunding bonds; based on the Series designations, these bonds appear to have been issued over multiple years spanning 2012 through 2020.

Although the merger was completed months before this Application, no data is provided in the Application as filed on the finances of the merged Advocate/Atrium system. Although the merger is described, nothing is said about how it will impact this proposed project. While the system is among the very largest in the nation, the Application says nothing about the liabilities and obligations associated with the operation of over 60+ facilities in multiple states.

The Applicant provided Financial Statements which direct attention to "accompanying notes" but, in the Application as filed, the Applicant apparently did not provide any pages identified as notes. Notes to Financial Statements often contain salient caveats about finances, financial performance, anticipated events, etc. The Applicant also omitted two pages from the outset of its Financial Statement that describe outstanding bonds and provide the "Quarterly Disclosures" which reveal pertinent Utilization Statistics.[5]

Notwithstanding the large numbers reflected on the AHWFB Financial Statements, fundamentally, the Application does not make clear how the Applicant will cover up to $275 million in project demands with $177 million in cash, which other assets (if any) constitute readily available funds for this project, nor whether or how the Applicant will undertake bond financing without any documentation to authorize such. The Application as filed does not demonstrate availability of funds as required by Criterion (5).

On page 81, the Applicant marks "Mortgage or Rent" as one of the types of costs it expects to incur during project start-up. It is unclear why this category of costs is expected to be incurred.

CRITERION (6)

The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

The HPMC Application proposes a fundamentally unnecessary duplication of existing beds and ORs in Guilford County. Residents of Guilford County and surrounding areas already have access to acute care beds and ORs at HPMC and the proposed facility will duplicate those very same service offerings within the same County at a cost of over $200 million – this is a classic example of unnecessary duplication. More beds and ORs exist at HPMC than the population demands, according to the 2023 SMFP.

Throughout these Comments, the Commenter has referred to the proposed relocation of beds and ORs. It is worth noting that the project as proposed will include not only relocated beds and ORs but will also require new construction to house 12 unlicensed observation beds; 20

[5] The full copy of the September 30, 2022 Quarterly Disclosure Statement reflects statistics for the entities comprising Atrium Health Wake Forest Baptist in the form of a comparison of 2021 and 2022 (as of September 30). Case Mix Adjusted Equivalent Discharges, Inpatient Admissions, Inpatient Operating Room Cases, and Case Mix Index all decreased between 2021 and 2022. Notably, while Outpatient Operating Room Cases increased 5.3%, Inpatient Operating Room Cases declined 7.2% between 2021 and 2022.

Emergency Department bays; two procedure rooms; one interventional radiology room; a new MRI scanner; two fixed CT scanners; two different X-ray units; one SPECT scanner; and mammography equipment. New space must be constructed to house laboratory and other diagnostic functions as well as a range of therapy services. Presumably, HPMC already has all these spaces within its existing hospital that currently house such services and equipment. The space to be built in Greensboro, by definition, will **duplicate** the spaces already existing at HPMC, without offering any new or different health care capabilities. Nor will the project offer otherwise-unavailable patient access as beds and ORs (and all of the other capacities noted above) already exist in Greensboro.

HPMC does not propose to close. Instead, the spaces that exist at HPMC that now house acute care beds and ORs (and medical equipment, etc.) will presumably be vacated or re-purposed, or perhaps used as storage. While paying to use duplicate newly constructed spaces in Greensboro, HPMC will presumably continue to cool these vacated spaces in the summer and heat them in the winter, insure them as part of its licensed premises, and otherwise ensure they are safely maintained at HPMC. These expenditures constitute redundant operating costs that add to overhead costs but do not add to patient access to health care services.

CRITERION (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.

Considerable new staff will be required for the proposed new hospital. Considering the strains on the health care workforce that have arisen from the outset of the pandemic, the applicant's project will unnecessarily impose additional challenges on staffing. The applicant's showings under Criterion (7) are questionable in the current staffing environment.

Especially since the onset of the pandemic, staffing has become a critical issue in the delivery of health care services. Our private physician practices, which are businesses, will suffer significantly if this project is approved. Atrium's argument that competition in this health care space is a good thing is completely flawed as Atrium can be expected to do what it has done elsewhere and offer higher salaries for staff outside of the norm for Greensboro and lure away our office staff, OR nurses, MRI technicians, and physical therapists. Experience suggests that Atrium will lure skilled nurses, anesthesia staff, and other skilled workers from Cone and our practices, forcing us to either close some of our services which are significantly less expensive than Atrium, or compelling us to raise our workers' salaries out of the Greensboro market range. This will significantly damage the financial stability which supports the current delivery of health care services in Greensboro.

CRITERION (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.

The HPMC project does not demonstrate than an expenditure of $246 million is "the most reasonable alternative" for providing the very same care already offered in High Point and throughout Guilford County. The significant costs associated with the project will be costs that must be absorbed by the Applicant and factored into its decisions on what to charge patients for care. At HPMC, care can be provided now without any additional costs; those same capacities will be offered in Greensboro but only after a huge capital outlay of $200+ million.

CRITERION (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;

(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) 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

(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.

HPMC unreasonably assumes the payor mix for inpatient services, ambulatory surgery, ED, and "ambulatory radiology" at the proposed hospital will be ***identical*** to the HPMC historical payor mix for these offerings.

HPMC is located at 601 North Elm Street in High Point in zip code 27262. The proposed hospital campus in Greensboro is located at 2909 Horse Pen Creek Road in Greensboro in zip code 27410. Any number of statistics can be cited to show the marked difference in the demographics as between these two zip codes.

When the website unitedstateszipcodes.org reported a median household income in zip code 27262 of $39,867, for that same year, the website reported a median household income in zip code 27410 of $60,097. Mathematically, the percentage difference in the reported income levels in these two zip codes is over 40%.

In commenting on educational attainment, unitedstateszipcodes.org says this about High Point zip code 27262: "The percentage of people that did not graduate high school is among the highest in the nation."

At the time the High Point zip code 27626 median home value was estimated at $160,700, the Greensboro zip code 27410 median home value was estimated at $201,600, a difference of over 20%. *See* unitedstateszipcodes.org.

When considering the 25 Wealthiest Zip Codes in North Carolina, one finds that 27408 ranks #7. This zip code area is proximate to the site selected for the new hospital, zip code 27410.

When considering the 25 Poorest Zip Codes in North Carolina, one finds that 27260 ranks #3. This zip code area is proximate to the area where HPMC now exists, zip code 27626.

Citing data from the U.S. Census Bureau American Community Survey 5-year estimates for 2017, unitedstateszipcodes.org reports that High Point zip code 27260 is one of the very poorest communities in all of North Carolina (#4, with a median household income of just over $25,000).

In short, it is beyond debate that the proposal at issue would move health care capacities out of a low-income area of Guilford County and relocate those health care assets to a markedly more affluent part of the County.

Notably, the low-income High Point zip codes are not in the service area the new hospital proposes to serve. Instead, as depicted on page 138 of the Application, the new hospital is projected to serve a significant area north of the proposed hospital site. The new hospital will serve the high-wealth 27408 zip code and those surrounding it in every direction.

Based on the above, the projection of an identical payor mix as between the existing and new hospitals lacks reasonable support. While HPMC serves residents from throughout Guilford County and surrounding areas, low-income residents in neighboring zip codes likely use HPMC, and especially its Emergency Department, based on their proximity to the facility. It is unlikely that these poor residents will travel in the same numbers to receive care once the beds and ORs are

relocated to the more affluent Greensboro location. The area where the new hospital would be located is simply not home to a population that is as poor as the population surrounding HPMC. Thus, logic would indicate that fewer Medicaid and charity care patients will use the new Greensboro hospital as compared to those who use HPMC. As such, an identical payor mix projection is not reasonable and adequately supported. For this reason, the Application as filed does not demonstrate conformity to Criterion (13).

The Application as filed does not appear to document which capacities are included in "ambulatory radiology" nor provide a side-by-side comparison of the existing and proposed hospital offerings which fall under this category. There is a lack of data to reasonably support the assumption that the payor mix will be the same when there is no comparison of the modalities.

CRITERION (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.

The applicant does not adequately demonstrate how any enhanced competition in the service area will have a positive impact on the cost-effectiveness of the proposed services. The applicant did not adequately demonstrate the need to develop a new hospital or that the project is the least costly or most effective alternative. The discussions regarding projected utilization and alternatives found in Criteria (3) and (4), respectively, are incorporated herein by reference. A project that cannot demonstrate the need for the services proposed and a project that cannot demonstrate it is the least costly or most effective alternative cannot demonstrate how any enhanced competition will have a positive impact on the cost-effectiveness of the proposal.

SOS has received data that shows dramatic cost differences for ED visits and other care in area facilities. As vividly shown in the following chart, not only will these new beds and services be duplicative of the offerings at HPMC, these services are available in Greensboro area facilities now at a substantially lower cost to patients.

Code	Description	Moses Cone Hospital	Forsyth Medical Center (Novant)	High Point Medical Center	WFB Medical Center	Randolph Health
99281	ED Visit - straightforward	$160	$258	$518	$546	$585
99282	ED Visit - expanded low complexity	$755	$424	$868	$914	$930
99283	ED Visit - expanded moderate	$1,085	$936	$1,603	$1,690	$1,617
99284	ED Visit - detailed hist & exam moderate	$1,665	$1,950	$2,863	$3,019	$2,469
99285	ED Visit - comprehensive & complex	$2,670	$2,602	$4,065	$4,287	$3,459

Policy TE-3

HPMC's proposal falls within the ambit of Policy TE-3, meaning HPMC is "qualified" to file a CON Application for an MRI scanner. However, HPMC does not show it is conforming to the applicable Review Criteria and, thus, it is not entitled to a CON for acquisition of a new MRI scanner.

In revising Policy TE-3 in 2022, the Agency noted that all but one of the 11 satellite hospitals approved in North Carolina satisfied the need for a fixed MRI scanner by relocating an existing MRI to the new campus. Only WakeMed had not done so because such a relocation would have resulted in WakeMed operating a Level I Trauma Center with a single MRI scanner.

As of 2022, every hospital in North Carolina creating a satellite campus has proposed the relocation of an existing fixed MRI scanner – not a new fixed MRI scanner - with the only exception being the WakeMed Level I Trauma Center. Here, HPMC does not propose to relocate an existing fixed MRI scanner but instead proposes a new fixed MRI scanner, although unlike WakeMed, HPMC is not a Level I Trauma Center.

The 2023 SMFP appears to show two (2) fixed MRI scanners in operation at HPMC; in addition, Premier Imaging provides HPMC with mobile MRI service. HPMC could relocate one of its fixed MRI scanners from HPMC to the proposed satellite campus without CON approval of a new fixed MRI scanner, especially considering that HPMC has two fixed MRI scanners as well as an existing arrangement in place for mobile MRI access.

The HPMC request for a new MRI scanner should be denied as part of a denial of the Application as filed; in any event, HPMC should be denied a CON for an additional fixed MRI scanner considering the demonstrated lack of need for a new scanner and the availability of scanner capacity which could be relocated in the service area.

CONCLUSION

In closing, SOS respectfully requests that the Agency consider all the legitimate arguments that show HPMC's application does not meet any of the criteria the Agency upholds. Please do not approve this redundant, expensive hospital/ED/OR proposal. Greensboro is a wonderful town and a great place to practice medicine. The Orthopedic physicians of SOS have made our home here and have committed to offering excellent patient care at a low cost, with nationally renowned quality. We have no intention of supporting this effort or staffing this un-needed facility. We do not need a big, out-of-town healthcare system that brings in itinerant doctors and drives up the cost of health care by duplicating services. The project as proposed will abandon High Point in what appears to be an obvious effort to increase financial gain for the health system, with damaging impacts on our community's strong health care system.

Respectfully Submitted,

On Behalf of SOS and All of its Physicians:

Frank J. Rowan, M.D.
Southeastern Orthopaedic Specialists, PA
President