



July 24, 2024

Via Email

Andrea Emanuel, PhD
Assistant Section Chief
North Carolina Division of Health Service Regulation
Healthcare Planning
2704 Mail Service Center
Raleigh, North Carolina 27699-2704

Re: Comments Supporting 2025 SMFP Need Determination for Additional Acute Care Beds in the
Buncombe/Graham/Madison/Yancey Multicounty Service Area

Dear Dr. Emanuel,

Enclosed please find written comments in support of the need determination included in the Proposed 2025 State Medical Facilities Plan for 129 additional acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area. For the reasons stated in the attached comments, AdventHealth strongly supports this need determination. Please contact me if you have any questions or need additional information.

Thank you,

A handwritten signature in black ink that reads "Mark Murrill". The signature is written in a cursive, flowing style.

Mark Murrill
Administrative Director | Business Development & Strategy
AdventHealth Asheville

Comments Supporting 2025 SMFP Need Determination for Additional Acute Care Beds in the Buncombe/Graham/Madison/Yancey Multicounty Service Area

Adventist Health System Sunbelt Healthcare Corporation d/b/a AdventHealth strongly supports the need determination for 129 additional acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area that is based on the 2025 SMFP acute care bed need methodology.

Background

Adventist Health System Sunbelt Healthcare Corporation d/b/a AdventHealth is the sole owner of Fletcher Hospital, Incorporated d/b/a AdventHealth Hendersonville which operates 62 acute care beds in Henderson County.

AdventHealth is also the sole owner of AdventHealth Asheville, Inc. (AdventHealth Asheville) which is conditionally approved to develop a new acute care hospital with 67 acute care beds in Buncombe County (CON Project I.D. #B-12233-22). AdventHealth Asheville also submitted a CON application in response to the 2024 SMFP need determination for 26 additional acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area (CON Project I.D. #B-12526-24).

Reasons for Support

Growth Rate Multiplier

For the past three SMFPs (2022-2024), the SHCC has adjusted the acute care need determination calculations to account for the ongoing impacts of the COVID-19 pandemic. One adjustment was to use a county growth rate multiplier (GRM) from the 2021 SMFP, which reflects the 2015 - 2019 pre-pandemic reporting years. If this model was used for the Proposed 2025 SMFP, there would be a need determination for 31 acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.

However, due to concern that continuing to make projections based on 2015 – 2019 data may not be appropriate for the 2025 SMFP, Agency staff developed and presented an alternative model for need determinations to the Acute Care Committee. Prior to the COVID-19 pandemic, the acute care bed need methodology used a GRM based on the most recent five years of each facilities' acute days of care. For the 2025 SMFP, this involves calculating a GRM according to 2019 – 2023 days of care, including the weighted days of care for 2020. Based on this model, there is a need determination for 126 additional acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area.

AdventHealth concurs with the Acute Care Committee's recommendation to the SHCC and supports the SHCC's decision to use the methodology model that calculates a GRM based on the 2019-2023 days of care. AdventHealth also strongly supports the need determination for 129 additional acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area as determined by the 2025 SMFP acute care bed need methodology.

Although the alternative model, which uses data from 2015 to 2019, projects a need for 31 acute care beds, AdventHealth believes that need is suppressed under this model.

Prior to 2019, acute care growth in the service area was limited because the sole hospital operated only a portion of its licensed bed capacity. In late 2019, the hospital finished implementation of a bed tower

project, which allowed the facility to bring on-line its full complement of licensed acute care beds.¹ Therefore, the acute care bed methodology model based on 2019-2023 days of care more accurately reflects the growth in inpatient days corresponding to the full capacity of acute care beds in the service area.

Additionally, AdventHealth has observed that hospitals - both large and small - are experiencing increasing lengths of stay. For example, the following table shows acute care admissions at AdventHealth Hendersonville increased 7.6 percent from FY2019 to FY2023 and patient days grew more than two times the admission rate at 18.2 percent.

AdventHealth Hendersonville

| | FY2019 | FY2023 | % Change |
|--------------|---------------|---------------|-----------------|
| Admissions | 3,288 | 3,537 | 7.6% |
| Days of Care | 11,398 | 13,467 | 18.2% |
| ALOS | 3.47 | 3.81 | |

Source: LRAs

According to its 2024 CON application for 26 additional acute care beds, Mission’s ALOS increased from 4.8 in FY2019 to 5.6 in FY2023.²

As average length of stay increases, a hospital’s ability to accommodate growth patient admissions can be limited, potentially compromising the quality of care that patients receive. We believe the model that uses a growth rate multiplier based 2019-2023 days of care effectively incorporates the increasing length of stay of admissions in the service area. The resulting need for 126 acute care beds is necessary to ensure adequate access as the population in western North Carolina continues to grow and age rapidly.

Service Area Demographics

The following table summarizes projected population estimates for the counties in the acute care service area.

¹ Project ID #B-12518-24, page 40

² Project ID #B-12518-24, page 69

Acute Care Service Area: Projected Population

| Year | Buncombe County | Graham County | Madison County | Yancey County | Service Area Total |
|--------------------|------------------------|----------------------|-----------------------|----------------------|---------------------------|
| 2024 | 272,585 | 7,642 | 22,462 | 18,937 | 321,626 |
| 2025 | 274,526 | 7,609 | 22,586 | 19,018 | 323,738 |
| 2026 | 276,466 | 7,575 | 22,710 | 19,099 | 325,851 |
| 2027 | 278,407 | 7,542 | 22,834 | 19,181 | 327,963 |
| 2028 | 280,347 | 7,508 | 22,958 | 19,262 | 330,076 |
| 2029 | 282,288 | 7,475 | 23,082 | 19,343 | 332,188 |
| 5-Year CAGR | 0.70% | -0.44% | 0.55% | 0.43% | 0.65% |

Source: Sg2

Currently, there are more than 320,000 residents in the acute care service area. Sg2 population projections estimate the service area population will increase by a compound annual growth rate (CAGR) of 0.65 percent during the next five years. Since disease incidence increases significantly with advancing age, it is relevant to examine the projected aging population in the service area. While the overall population is projected to increase modestly, the local population aged 65 and older is projected to increase rapidly during the next five years as seen in the following table.

Acute Care Service Area: Projected Population, Age 65+

| Year | Buncombe County | Graham County | Madison County | Yancey County | Service Area Total |
|--------------------|------------------------|----------------------|-----------------------|----------------------|---------------------------|
| 2024 | 61,002 | 2,140 | 5,873 | 5,663 | 74,678 |
| 2025 | 62,482 | 2,162 | 6,037 | 5,783 | 76,464 |
| 2026 | 63,962 | 2,183 | 6,201 | 5,903 | 78,250 |
| 2027 | 65,443 | 2,205 | 6,366 | 6,023 | 80,036 |
| 2028 | 66,923 | 2,226 | 6,530 | 6,143 | 81,822 |
| 2029 | 68,403 | 2,248 | 6,694 | 6,263 | 83,608 |
| 5-Year CAGR | 2.32% | 0.99% | 2.65% | 2.03% | 2.28% |

Source: Sg2

In total, the service area population aged 65 and older is projected to increase by a CAGR of 2.28 percent during the next five years. This age cohort currently comprises approximately 22.4 percent of the total service area population and is projected to increase to approximately 24.2 percent through 2027. The aging population is important to consider when planning for acute care services, due to the greatly increased rate of hospital admissions for elderly populations compared to individuals under age 65.

Population Rate of Inpatient Stays by Patient Age, by U.S. census division, 2016

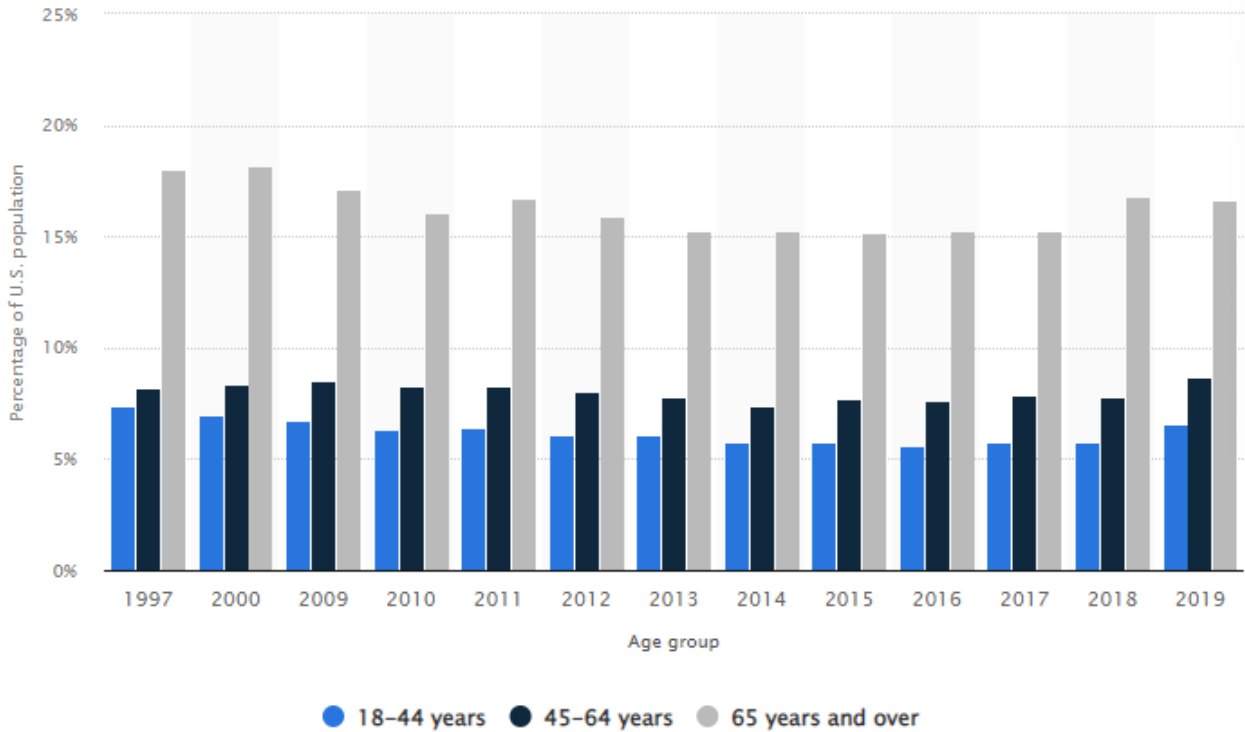
| | National | South Atlantic* |
|----------------------------------|--------------|-----------------|
| Population rate per 1,000 | 104.2 | 109.3 |
| Patient age, years | | |
| <1 | 210.8 | 211.4 |
| 1-17 | 17.1 | 17.4 |
| 18-44 | 75.4 | 78.6 |
| 45-64 | 104.3 | 111.0 |
| 65-84 | 232.5 | 233.2 |
| 85+ | 455.7 | 454.1 |

*Includes West Virginia, Virginia, North Carolina, South Carolina, Georgia, and Florida

Source: Agency for Healthcare Research and Quality (AHRQ), Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project (HCUP), National Inpatient Sample (NIS), 2016

The following chart summarizes the percent of population by age that experienced a hospitalization from 1997 through 2019.

U.S. Population With A Hospitalization 1997-2019, By Age



Source: Published by Statista Research Department, Jan 31, 2024
<https://www.statista.com/statistics/184447/us-population-with-a-hospitalization-by-age/>

As shown in the previous table and chart, inpatient utilization for individuals over age 65 is much greater than that of younger age cohorts. Therefore, as the service area continues to rapidly age, the demand for inpatient services will continue to increase as well.

The current availability of acute care beds in the service area is insufficient to meet these growing needs. By adding 126 acute care beds, we can ensure that service area residents have access to the necessary medical services without delays or overcrowding.

Competition

In addition to capacity, the need determination for 126 additional acute care beds can dramatically increase competition in the service area. Mission Health is the only existing provider of acute care services in the four-county service area. There are numerous lawsuits against Mission Health alleging degradation of patient care and high prices for healthcare. Earlier this year, Mission was informed by CMS that it was in “immediate jeopardy” related to deficiencies in patient care, citing nine deficiencies related to incidents occurring over 19 months. There is a dire need to foster competition in the service area to promote enhanced quality, access, and cost effectiveness.

AdventHealth is currently approved to develop a 67-bed acute care hospital in Buncombe County. While this is a significant milestone, expanding the approved facility to include additional acute care beds and expanding its presence within the service area will significantly enhance AdventHealth’s scope and scale. The 126-bed need determination will allow AdventHealth the opportunity to apply for additional acute care beds and offer a broader range of services, better meet the needs of our growing and aging population and improve patient outcomes.

Moreover, the introduction of additional acute care beds will foster healthy competition in the healthcare market. At present, Mission Health holds a monopoly in the provision of acute care services within the service area. AdventHealth is unable to develop its approved facility because Mission has appealed the Agency’s decision. Competition is vital in any industry as it drives innovation, improves service quality, and ensures more cost-effective care for patients. Enhanced competition will also encourage both providers to continually improve their services and operations. AdventHealth is committed to providing high-quality, compassionate care, and the additional beds will enable us to do so more effectively.

Summary

In conclusion, the projected population growth and aging demographics of the service area necessitate an increase in acute care bed capacity. The Proposed 2025 SMFP's determination for 126 additional acute care beds is essential for meeting these needs and enhancing the quality of healthcare in our community. Furthermore, this expansion will promote healthy competition, driving improvements in service delivery and patient outcomes.

AdventHealth wholeheartedly supports the need determination for 126 acute care beds in the Buncombe/Graham/Madison/Yancey multicounty service area, and we look forward to contributing to a healthier, more competitive healthcare landscape in western North Carolina.