

Written Comments on Mission Freestanding Emergency Department Application
Project I.D. # B-012093-21
by Henderson County Hospital Corporation d/b/a Pardee Hospital

Executive Summary

Henderson County Hospital Corporation d/b/a Pardee Hospital (“Pardee”) submits these written comments in opposition to Mission Hospital’s freestanding emergency department application, Project I.D. # B-012093-21. Mission’s application fails to demonstrate a need for a freestanding emergency department near the Buncombe County/Henderson County line. Historical volumes by zip code instead indicate that a freestanding emergency department, if developed, should be located in West Asheville. The proposed location in Arden would unnecessarily duplicate existing, capable emergency departments at AdventHealth and Pardee Hospital, which are the providers of choice for residents of Henderson County. Pardee recently achieved the designation of Percutaneous Coronary Intervention Destination Center, which should decrease further the number of patients who seek care at Mission for chest pain or heart attacks.

Mission provides no data to support the existence of any strains on, wait times or difficulty accessing the existing emergency department at Mission Hospital. Mission also fails to furnish any plan or justification for its assumption that low acuity volume will shift from the Mission Hospital emergency department to the proposed freestanding emergency department. Rather, Mission admits on page 125 of its application that it will capture incremental volume from elsewhere and that a large portion of its projected patient volume will be accomplished through the goal of capturing market share from other hospitals, presumably AdventHealth and Pardee Hospital in Henderson County. Mission’s proposal appears focused on a location aimed at maximizing a more favorable socioeconomic demographic and payor mix rather than a location where there is a true need. Mission also fails to explain how better quality care can be provided to trauma or other higher acuity patients at the proposed freestanding emergency department when there would be a consequent need for transfer to Mission Hospital rather than an initial transport to Mission Hospital emergency department with access to the comprehensive inpatient and trauma services available at that location.

Mission’s application is non-conforming with multiple criteria based on its failure to establish a need for the proposed freestanding emergency department by the population in the location proposed and therefore should be disapproved. The following provides more detailed comments by criterion.

Criterion (1): G.S. § 131E-183(a)(1)

A fundamental principle of energy efficiency and sustainability is to utilize existing resources before expending additional resources to develop new infrastructure. Mission already has an existing shared outpatient campus with Pardee Hospital located at 2695 Hendersonville Road in Arden. It is in the same zip code area and one road mile from the proposed freestanding emergency department location. Mission provides no explanation for failing to utilize this existing partnership and campus that already includes advanced imaging services, laboratory,

retail pharmacy, family practice and specialty offices as well as urgent care, which is often the appropriate and least costly level of care for low acuity patients.

As evident from the developer and architect who assisted with the Mission Pardee Health Campus, it was developed from a Greenfield and Brownfield site and embodies sustainability and energy efficient features. [Mission-Pardee Health Campus - FreemanWhite](#) and [Mission Pardee Health Campus \(thekeithcorp.com\)](#) Furthermore, the site is already developed without the need to create the base infrastructure to accommodate a freestanding emergency department.

Interestingly, unlike Pardee, Mission fails to mention this campus as a location on either its Mission Health or Mission Hospital websites. If Arden is a prime location in terms of patient need and future population growth, one would think Mission would mention the Mission Pardee Health campus on its website and discuss whether the Mission Pardee Health Campus is an effective and less costly alternative for addressing low acuity urgent patient care needs. Mission does not discuss the Mission Pardee Health campus as an alternative and appears to have ignored it as a potential location. In fact, failing to discuss or apparently consider the Mission Pardee Health Campus detracts from Mission’s contention that there is a need for the proposed freestanding emergency department in Arden.

Criteria (3), (3a), (6), and (18a): G.S. §§ 131E-183(a)(3), (3a), (6) and (18a)

Emergency department visits reported in license renewal applications for hospitals within the Mission Health System show increases at every hospital from fiscal year 2019 to 2020 and significant decreases from 2020 to 2021. Mission Hospital alone experienced a decrease in patient emergency department visits from 104,401 to 95,085, or close to 10,000 visits. Based on this history, Mission’s assumption that visits will return to pre-pandemic levels in the second half of 2021 and thereafter continue to increase is unreasonable and unsupported.

Mission Hospital ED

	2016	2017	2018	2019	2020	2021
ED Volume	96,208	96,127	101,629	102,245	104,401	95,085
Inpatient Admissions	38,084	38,391	39,243	39,720	43,020	28,476
Patient Origin Buncombe Co	66,464	65,825	69,816	71,738	72,601	62,323
Patient Origin Henderson Co	4439	4,831	5,051	4,594	4,645	4,841

Source: License Renewal Applications

Even if emergency department visits approach pre-pandemic levels at some point in 2021 or 2022, it seems unlikely that Mission Hospital’s emergency department visits will continue to increase at the same pace as from 2018 through 2020. The rise in telehealth visits and efforts to reduce healthcare disparities, decrease healthcare costs and manage healthcare conditions outside an emergency department are likely to impact ED volumes. Mission’s strong reliance on a continued increase in emergency department visits is unfounded. If any hospital in the area would have experienced an increase in emergency department visits during COVID, it would seem to be Mission Hospital, where specialized services are available. However, this did not occur.

Mission’s application is void of any data, justification or plan to redirect emergency department visits from Mission Hospital to the proposed freestanding emergency department location in Arden. In fact, projections in Mission’s application reveal that Mission projects a substantial increase in new volume and market share, rather than a shift in volume from the Mission Hospital emergency department to the proposed freestanding emergency department location. As evident on page 125 its application, Mission projects a decreasing number of patients shifting from the Mission Hospital emergency department to the proposed freestanding location and an increasing number of patients to be captured from “incremental visit volume captured in that year.” Rather than a plan to shift patients and decompress its main emergency department, Mission’s plan is to capture emergency department volume and market share from Pardee Hospital and AdventHealth in Henderson County and thereby duplicate existing services.

Emergency department visit data for hospitals in the Mission Health System also demonstrates that a shift of patient volume for Mission Hospital emergency department to a location not associated with a trauma center with specialized services is unlikely to occur. The existing hospitals in the Mission Health System have inpatient beds, surgery capabilities and other services, unlike the proposed freestanding emergency department. If the shift in emergency visit volume has not already occurred within the Mission Health System to emergency departments other than at Mission Hospital, it seems very unlikely that such a shift will occur from Mission Hospital to the proposed freestanding location, which will lack any of these additional services and supports.

Emergency Department Visits

Facility	2017	2018	2019	2020	2021
Mission Hospital McDowell	20,661	21,090	20,156	21,705	20,316
Angel Medical Center	17,831	17,800	16,363	18,955	15,587
Blue Ridge Regional Hospital	15,031	13,381	14,315	14,443	12,424

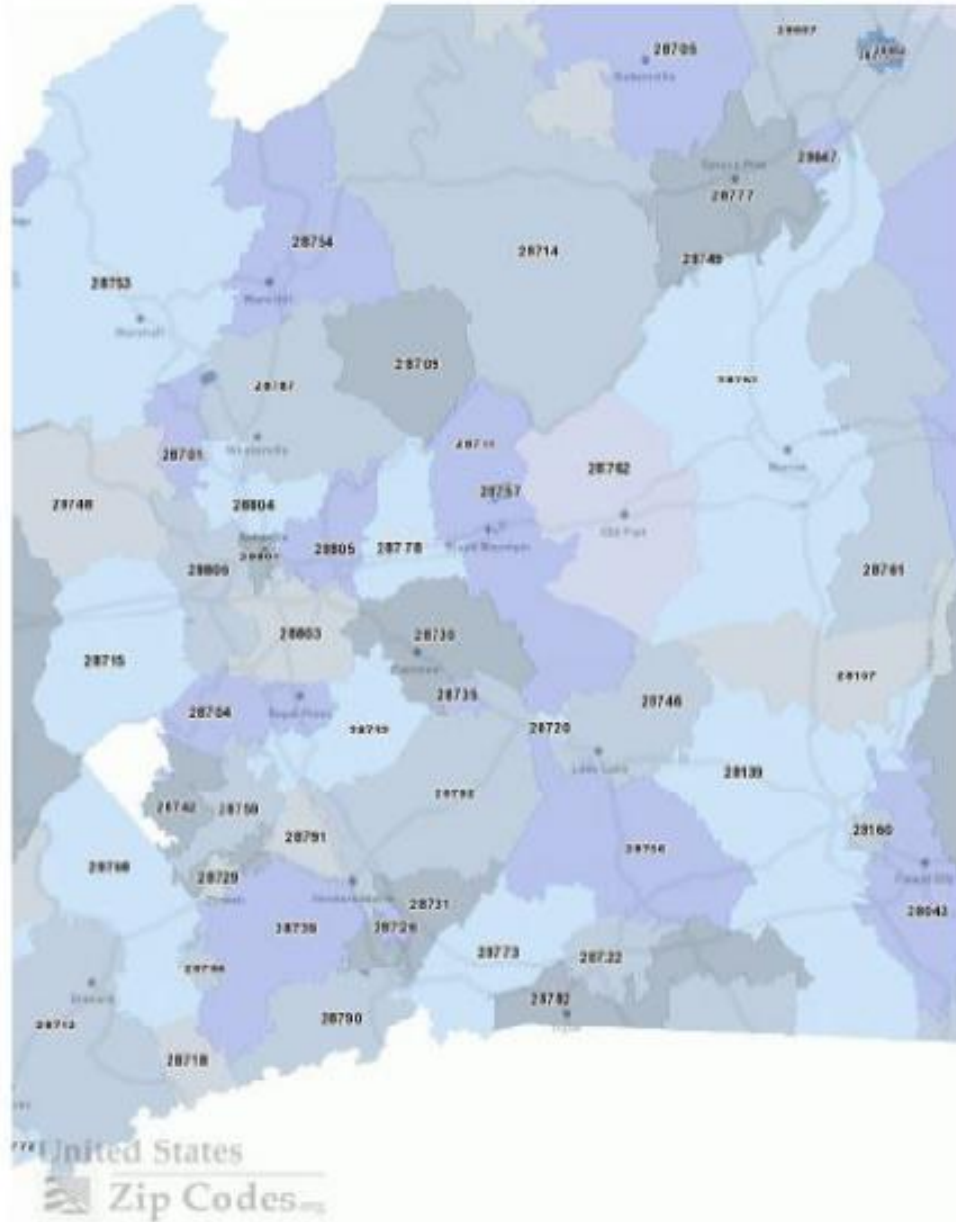
Harris Regional Hospital	17,822	18,607	20,142	21,374	19,503
Transylvania Regional Hospital	16,373	15,867	16,348	17,810	14,129
Mission Hospital	96,127	101,629	102,245	104,401	95,085

Source: License Renewal Applications

Simply put, Mission failed to justify the need for another emergency department close to the Henderson County line and to existing capable emergency departments at AdventHealth and Pardee Hospital. Mission provides no evidence of any lack of capacity, problems or hurdles in patients accessing emergency department care at AdventHealth and Pardee Hospital. The emergency department at AdventHealth is only 5.4 miles via U.S. 25 from the proposed location for Mission’s freestanding emergency department, and Pardee Hospital is only 11 miles away. Certainly, it is not necessary to have an emergency department every 5 miles or every 11 miles.

On page 57 of its application in Figure 18, Mission represents its 2019 low acuity volume by zip code in its primary and secondary service areas. This data does not support a need for a freestanding emergency department in Arden. First, by far the highest volume shown is for zip code 28806, West Asheville, 4646 visits. This represents 92% of the total secondary service area low acuity visits of 5030 and 3.9 times as many visits as the 1191 visits from zip code 28704, Arden, which is projected to be in the primary service area and the proposed location for the freestanding emergency department. After West Asheville, the second largest volume of low acuity visits in 2019 was 2834 from zip code 28803, which is the zip code near where Mission Hospital is located. Visits from zip code 28803 comprised 53% of the visits from the primary service area total of 5369 in 2019. It seems highly unlikely that patients from zip code 28803 will choose to go to the freestanding emergency department in Arden rather than to Mission Hospital in a nearby zip code, which has inpatient beds, is a trauma center and has much more extensive specialty and support services.

The differences in population among the zip codes in Mission’s proposed primary and secondary service area also demonstrate that West Asheville or Candler and not Arden would be the appropriate place for a freestanding emergency department if one is needed. The map below shows the zip codes in the Asheville and Hendersonville area used in Mission’s need projections.



https://www.unitedstateszipcodes.org/print_this_map.php

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As evident from population data, 38,550 people reside in zip code 28806, West Asheville. Similarly, zip code 28715 Candler has 24,582 people. In contrast, only 18,821 people reside in zip code 28704, which is Arden. West Asheville and Candler zip codes combined clearly have a larger population than Arden. In contrast, zip code 28803 has only 28,693 people and is closer to the Mission Hospital emergency department, which is located in zip code 28801, comprised of 15,019 people. It is unlikely that the residents of zip code 28803 will travel south to the

proposed freestanding emergency department rather than continue to travel north to access services at the much more robust Mission Hospital emergency department.

The population by zip code data is found in the following chart:

BUNCOMBE County Covers 24 ZIP Codes			
ZIP Code	Classification	City	Population
ZIP Code 28701	General	Alexander	3,635
ZIP Code 28704	General	Arden	18,821
ZIP Code 28709	General	Barnardsville	2,225
ZIP Code 28711	General	Black Mountain	13,209
ZIP Code 28715	General	Candler	24,582
ZIP Code 28728	P.O. Box	Enka	0
ZIP Code 28730	General	Fairview	9,133
ZIP Code 28748	General	Leicester	11,334
ZIP Code 28757	P.O. Box	Montreat	280
ZIP Code 28770	P.O. Box	Ridgecrest	0
ZIP Code 28776	P.O. Box	Skyland	0
ZIP Code 28778	General	Swannanoa	10,381
ZIP Code 28787	General	Weaverville	19,718
ZIP Code 28801	General	Asheville	15,019
ZIP Code 28802	P.O. Box	Asheville	0
ZIP Code 28803	General	Asheville	28,693
ZIP Code 28804	General	Asheville	20,507
ZIP Code 28805	General	Asheville	17,620
ZIP Code 28806	General	Asheville	38,550
ZIP Code 28810	General	Asheville	0
ZIP Code 28813	P.O. Box	Asheville	0
ZIP Code 28814	P.O. Box	Asheville	0
ZIP Code 28815	P.O. Box	Asheville	0
ZIP Code 28816	P.O. Box	Asheville	0

Source: [Buncombe County, NC - North Carolina ZIP Codes \(zip-codes.com\)](https://www.zip-codes.com/)

The following chart, which utilizes data in the 2021 hospital license renewal applications, highlights the strong preference of Henderson County patients for emergency departments and

hospitals located in Henderson County. The license renewal data also suggests that Mission Hospital has not been successful in increasing the use of other emergency departments within the Mission Health system despite higher volume at the emergency department on the Mission Hospital campus.

Patient Origin - Emergency Department Services

Facility	No. of Patients Buncombe Co	No. of Patients Henderson Co
Mission Health Hospitals		
Mission Hospital McDowell	460	42
Angel Medical Center	99	12
Blue Ridge Regional Hospital	116	14
Harris Regional Hospital	133	56
Transylvania Regional Hospital	199	1,042
Mission Hospital	<i>62,323/87%</i>	<i>4,841/12.5%</i>
<i>Total Mission Health Hospitals</i>	<i>63,330/88%</i>	<i>6,061/15.6%</i>
Henderson County Hospitals		
AdventHealth Hendersonville	5,673	11,556
Margaret R. Pardee Memorial Hospital	1,358	21,000
<i>Total Henderson County Hospitals</i>	<i>7,031/9.8%</i>	<i>32,556/84%</i>
Other Hospitals¹		
Caldwell	15	9
Cannon	19	6
Catawba	20	5
Frye	55	7

¹ Other hospitals negligible

Haywood	1,059	33
Highlands Cashiers	29	9
Lincoln	8	4
St. Luke's	27	93
Watauga	56	13
<i>Total Other Hospitals</i>	<i>229</i>	<i>146/.38%</i>
TOTALS	71,649	38,796

Source: 2021 License Renewal Applications

The Henderson County patients using the Mission Hospital emergency department are a small fraction in comparison to those using the AdventHealth and Pardee emergency departments. Given the specialized services and higher acuity patients treated at Mission Hospital, it is likely that the Henderson County patients choosing to travel, or being transported, to the Mission Hospital emergency department need the more specialized resources at Mission Hospital. The small number of Henderson County patients treated in Mission Hospital's emergency department, 4841, comprised only 12.5% of all of the emergency department patients treated at Mission Hospital and do not justify locating a freestanding emergency department close to AdventHealth.

Mission's choice of a location just 5.4 miles from AdventHealth and 11 miles from Pardee Hospital is not consistent with the demographics or community need, which indicate that a location in North or West Asheville is the best option because there are no other hospitals in the area and over 38,000 people reside in 28806, the West Asheville zip code and over 24,000 people reside in zip code 28715, Candler, also west of Mission Hospital. Zip code 28806 is approximately 21.3 miles and 27 minutes to Haywood Hospital, compared to Arden, in zip code 28704, which is only 5.4 miles from AdventHealth. Similarly, 24,507 people reside in zip code 28804 and 19,718 reside in zip code 28787, Weaverville, both of which are north of Asheville.

Consequently, Mission has failed to demonstrate that the proposed population needs the services proposed, failed to demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities, and failed to demonstrate the expected effects of the freestanding emergency department on competition in the proposed service area.

Criterion (4) G.S. § 131E-183(a)(4)

As noted above, the Mission Pardee Health Campus is located in Arden, where Mission proposes to locate the freestanding emergency department. Mission fails to provide any explanation for why, if there is such a need for services in Arden due to population growth, increased development and increased traffic congestion, there would not be a continuing need for the CT scanner at the existing

location in Arden, particularly in light of general efforts in the health care industry, particularly by payors, to provide imaging and other outpatient services in the most cost effective setting. Mission's proposal to relocate the CT scanner from the Mission Pardee Health Campus instead suggests a lack of need for the emergency department in Arden and/or the likelihood that patients will still choose to access emergency department services at Mission Hospital, where the full resources of a trauma center and hospital with specialty services will be available. Alternatively, a more effective use of the CT scanner may be to change the Mission imaging location to non-hospital based with a lower cost structure.

Historical emergency department patient origin and population data demonstrate that a more appropriate location for a freestanding emergency department would be in West Asheville. Mission only mentions in a cursory fashion in its application that it considered alternative locations in Buncombe County but omitted the locations or any data supporting its analysis. Mission also failed in its application to address utilization of the urgent care services on the Mission Pardee Health Campus and to explain why these services cannot address the needs of low acuity patients at a freestanding ED that will not have any inpatient beds, operating rooms or specialized services, such as those available at nearby AdventHealth and Pardee Hospital.

Freestanding EDs are a business strategy of HCA in multiple states, including Texas, Virginia, Florida, and South Carolina, and they may be economically successful, but they do not fit with the needs of the residents and community Mission/HCA propose to serve in Buncombe and Henderson County, North Carolina. Attachment 1 includes two articles discussing that freestanding EDs, whether hospital-owned or independent, typically create opportunities to treat minor conditions in a hospital ED setting with higher hospital ED costs to patients and charges to payors, when these conditions are more properly addressed in a physician office or urgent care center. Like Mission has proposed to do in Arden, freestanding EDs are often located in more affluent areas with a more favorable payor mix, rather than underserved areas. The lowest cost and most effective alternative for the services proposed by Mission would be additional primary care services, which are the lowest cost setting for many patients who seek care at a freestanding ED, which would benefit and support employers in the area.

Mission did not provide any documentation of an inability by AdventHealth or Pardee Hospital to serve low acuity patients in their emergency departments. In fact, in the past Mission has recognized the ability of other area hospitals and asked EMS to redirect certain categories of patients to other area hospitals. See Attachment 2. Redirecting EMS to existing closer and capable hospital emergency department resources is a more effective alternative than establishing a duplicative freestanding emergency department that lacks other hospital services and supports on site.

Employers and other payors are also pushing health care providers to institute measures and services to provide care at the least costly level. Service in an emergency department is more expensive for both the patient and the third-party payor. Often, low acuity emergency department care can be effectively provided in the lower cost setting of an urgent care or physician office. The difference in cost between an emergency department and an urgent care

or physician office is even less justified when the emergency department is freestanding without the ready availability on site of specialist clinicians and technology to address patient needs.

Mission has provided no explanation or justification for why it has not sought to increase utilization of services available on the joint Mission Pardee Health Campus. In fact, Mission apparently has chosen not to give primary and urgent care priority as evident from recent news coverage concerning its discontinuation of arrangements with primary care physicians: <https://carolinapublicpress.org/47175/hca-takeover-reframing-primary-care-in-western-nc-could-threaten-regional-hospitals/><https://www.hendersonvillelightning.com/business/10664-as-hca-retreats-pardee-adventhealth-fill-primary-care-hole.html> Mission recently terminated primary care provider agreements in Arden at Mission Pardee Health Campus. Those physicians are now employed by Pardee to ensure that need in the area is met. Pardee Hospital has enhanced its efforts to provide primary and urgent care by continuing to support the urgent and other outpatient care services available at the Mission Pardee Health Campus, providing clinics on employer sites and increasing its network of primary care providers.

As a result, Mission has not shown that it selected the most effective alternative for its project and failed to demonstrate conformity with Criterion 4.

Criterion (5) G.S. § 131E-183(a)(5)

Mission did not propose to have any start up or initial operating costs based on the definitions at the beginning of the application. However, the definition of start-up costs and the examples given in the application form are applicable to this application:

Start-up costs: For the purpose of completing this application form, the term "start-up costs" means costs that are:

- not capital costs based on generally accepted accounting principles;
- necessary in order to offer the proposed new institutional health service; and
- incurred prior to offering the proposed new institutional health service.

3.b. Identify the types of costs included in the total estimated start-up costs by checking all that apply in the following table.

Utilities	Hiring Staff
Mortgage or Rent	Training Staff
Purchasing Equipment	Fees
Purchasing Supplies	Other (describe)
Marketing or Advertising	Other (describe)

There would necessarily be costs for utilities and marketing/advertising at the new location prior to its opening that would not need to be incurred for the existing Emergency Department. Marketing will be needed to advise the public of the availability of the freestanding emergency

department before it is open, and utilities will be needed while the completed building is furnished and readied for use.

As noted above, Mission's assumption underlying all of its projections is that utilization and revenue in quarters two through four of 2021 will rebound to pre-pandemic levels. This assumption is not reasonable. Because Mission did not adequately demonstrate a need for the proposed freestanding emergency department in Arden, it cannot demonstrate that the projections of costs and charges for providing health services or the underlying assumptions are reasonable. As a result, Mission's application is not conforming with Criterion 5.

Criterion (8) G.S. § 131E-183(a)(8)

Mission stated in its application that it would not provide social work services at the freestanding emergency department. Patients who need such services will be referred to Mission's main hospital or other community resources. This plan will mean that the social service needs of patients at the freestanding emergency department will likely remain unaddressed if they are not served when the patients present in the Emergency Department. It is not practical to think that patients who need this type of help will have the time, money, or transportation to seek these services off-site. Mission is missing an opportunity to address social determinants of health, which could prevent unnecessary repeat emergency department visits and decrease the cost of health care. As a result, Mission has not demonstrated that the necessary ancillary and support services will be provided and is non-conforming with Criterion 8.

Timetable

Mission's proposed timetable projects that the project will be completed in one year from the issuance of the CON. Based on on-going pandemic related supply chain issues, it is doubtful that Mission will be able to meet the overly optimistic timetable.