COMMENTS ABOUT CERTIFICATE OF NEED APPLICATION FOR ATRIUM HEALTH WAKE FOREST BAPTIST HIGH POINT MEDICAL CENTER – GREENSBORO HOSPITAL CAMPUS
PROJECT ID# G-12330-23
Submitted by The Moses H. Cone Memorial Hospital
March 31, 2023

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1) The Moses H. Cone Memorial Hospital, hereafter referred to as Cone Health, submits the following comments related to the application by High Point Regional Health, which proposes to "develop a hospital campus in Greensboro (to be licensed as an additional campus of High Point Medical Center (license #H0052)) by relocating 36 existing licensed acute care beds and two existing licensed operating rooms within Guilford County. The planned hospital campus (to be named Atrium Health Wake Forest Baptist Greensboro Medical Center (AHWFBGMC, hereinafter referred to as GMC)) will offer acute care services, emergency services, and ancillary and support services to be operated as a remote location of High Point Medical Center."[1]

The comments herein relate to the representations made in the application and discussion regarding whether the material in the application complies with the relevant review criteria and standards. Cone Health contends that the application does not conform to the basic principles set forth in the State Medical Facilities Plan for Safety and Quality, Access, and Value in Healthcare for the citizens of North Carolina, and does not demonstrate conformity with applicable review criteria and standards. In particular:

1. The proposed patient population to be served is unreasonable and unsupported. Specifically, the application proposes a service area that is geographically too broad and unsupported by historical patient origin patterns for the services to be provided.
2. The Applicant attempts to demonstrate need by using growth projections and qualitative data for the Guilford County service area; however, the need methodology relies on a quantitative analysis that is inconsistent with Guilford County as a service area. Therefore, projected utilization and financials in the application are based on unreasonable and unsupported assumptions.
3. Projected utilization is not supported by reasonable assumptions, because of incongruencies between historical trends and projected volumes. Therefore, the assumptions and methodologies are unreasonable and unsupported.
4. Financial projections for the proposed project fail to demonstrate financial feasibility based upon reasonable assumptions of costs and charges.
5. The proposed project does not enhance access to inpatient acute care beds, surgical services, and emergency department services, particularly for medically underserved patients. The proposed project shifts access away from areas that serve a greater percentage of racial and ethnic minorities, and away from areas with lower household incomes.
6. A capital cost of $256 million is excessive for a proposed project that is duplicative and does nothing to enhance competition for hospital services in the Guilford County Acute Care Bed Service Area (as defined on p. 36 of the 2023 NC State Medical Facilities Plan).

[1] Application, p. 19

For these reasons, the application to develop Greensboro Medical Center by relocating 36 acute care beds and two operating rooms from High Point Medical Center (HPMC) should be denied.

1. <u>The Applicant's identification of the population to be served is unreasonable and unsupported, rendering the application non-conforming with Criteria 3, 4, 6, and 18A</u>

The Applicant proposes to develop an additional hospital campus in Guilford County by relocating 36 licensed acute care beds and two operating rooms from the High Point Medical Center (HPMC) main campus in High Point, and by adding two new procedure rooms, twelve new observation beds, twenty new emergency department bays, imaging services, and other diagnostic services. The Applicant is High Point Regional Health, but the application references HPMC as the owner and operator of the proposed Greensboro Medical Center (GMC).

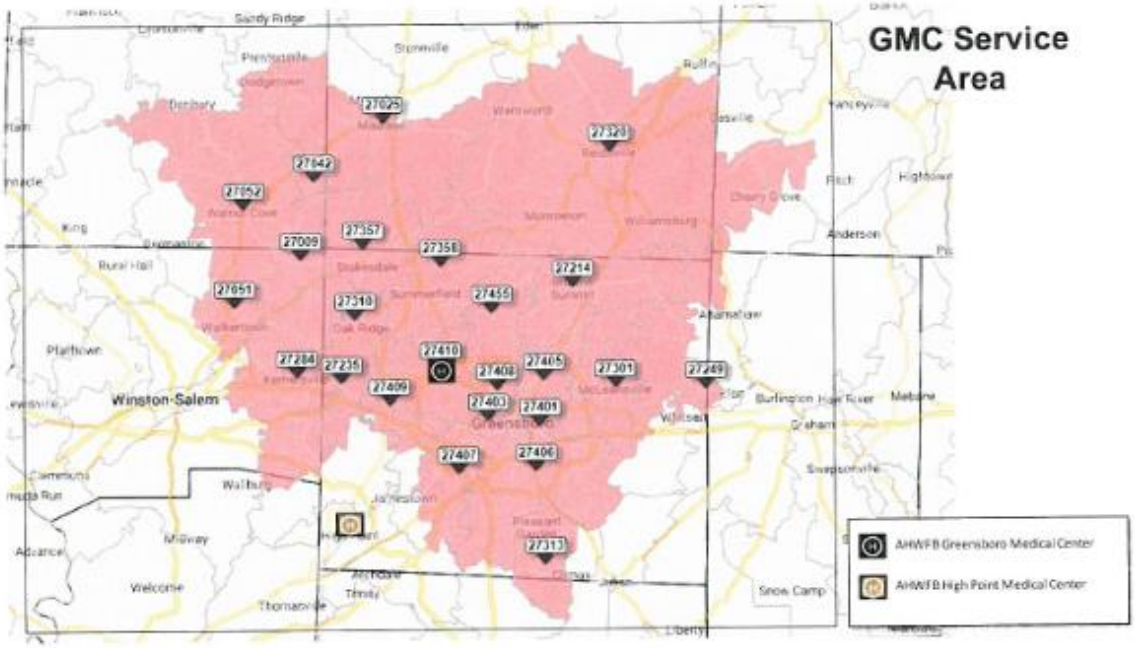
The proposed project does not demonstrate conformity with Criterion (3) because it does not adequately identify the population to be served by the proposed project, and it does not demonstrate the need that the proposed population has for the services proposed. The proposed service area is overly broad for a 36-bed general acute care community hospital and overstates the need for the proposed project. Therefore, the proposed service area and patient origin are unsupported and unreasonable.

The Assumptions and Methodology provided for Form C beginning on page 137 state "HPMC reviewed 2018 – 2022 inpatient discharges for the AHWFB system (including North Carolina Baptist Hospital, High Point Medical Center, Davie Medical Center, Lexington Medical Center, and Wilkes Medical Center) to identify the ZIP codes in the acute care multi-county service area that could be served by the GMC hospital campus. HPMC excluded any patient discharges associated with services that HPMC does not intend to provide at the GMC campus during the initial three operating years, including obstetrics, burns, trauma, open-heart surgery, transplant services, NICU, cardiac catheterization, craniotomy, and inpatient rehabilitation. HPMC thus identified a service area for the GMC hospital campus defined by 24 ZIP codes, as summarized by the following service area map and ZIP code table."

HPMC offers no explanation as to why relying on historical data from all five of these AHWFB facilities is appropriate or reasonable for projecting patient origin and discharges for GMC, when all the facilities, with the exception of HPMC, are located in other counties. In fact, two of the facilities, Davie Medical Center and Wilkes Medical Center, are not located in counties contiguous to the county of the proposed site, suggesting that any patients served at these facilities from the ZIP codes described were anomalies and cannot provide a reasonable basis for patient origin projections. Davie Medical Center and Wilkes Medical Center are located 39.2 miles and 82.8 miles, respectively, from the proposed GMC. Although Lexington Medical Center is located in Davidson County, contiguous to Guilford County, it is 44 miles away, and patients who historically have been treated at Lexington Medical Center from the proposed service area would have driven past HPMC and therefore, may similarly not choose GMC or may not be appropriately treated there based on clinical needs.

HPMC provides a map of the proposed service area in Form C Methodology and Assumptions in Section Q on p. 138, also provided below.

Greensboro Medical Center Service Area Map

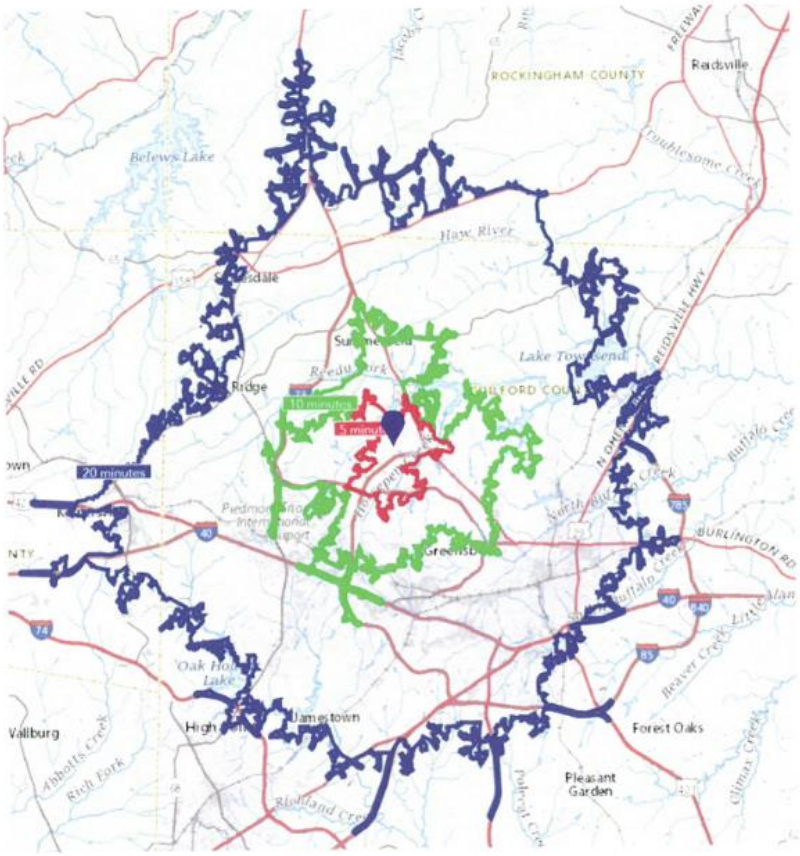


GMC Service Area Zip Codes

27009	27025	27042	27051
27052	27214	27235	27249
27284	27301	27310	27313
27320	27357	27358	27401
27403	27405	27406	27407
27408	27409	27410	27455

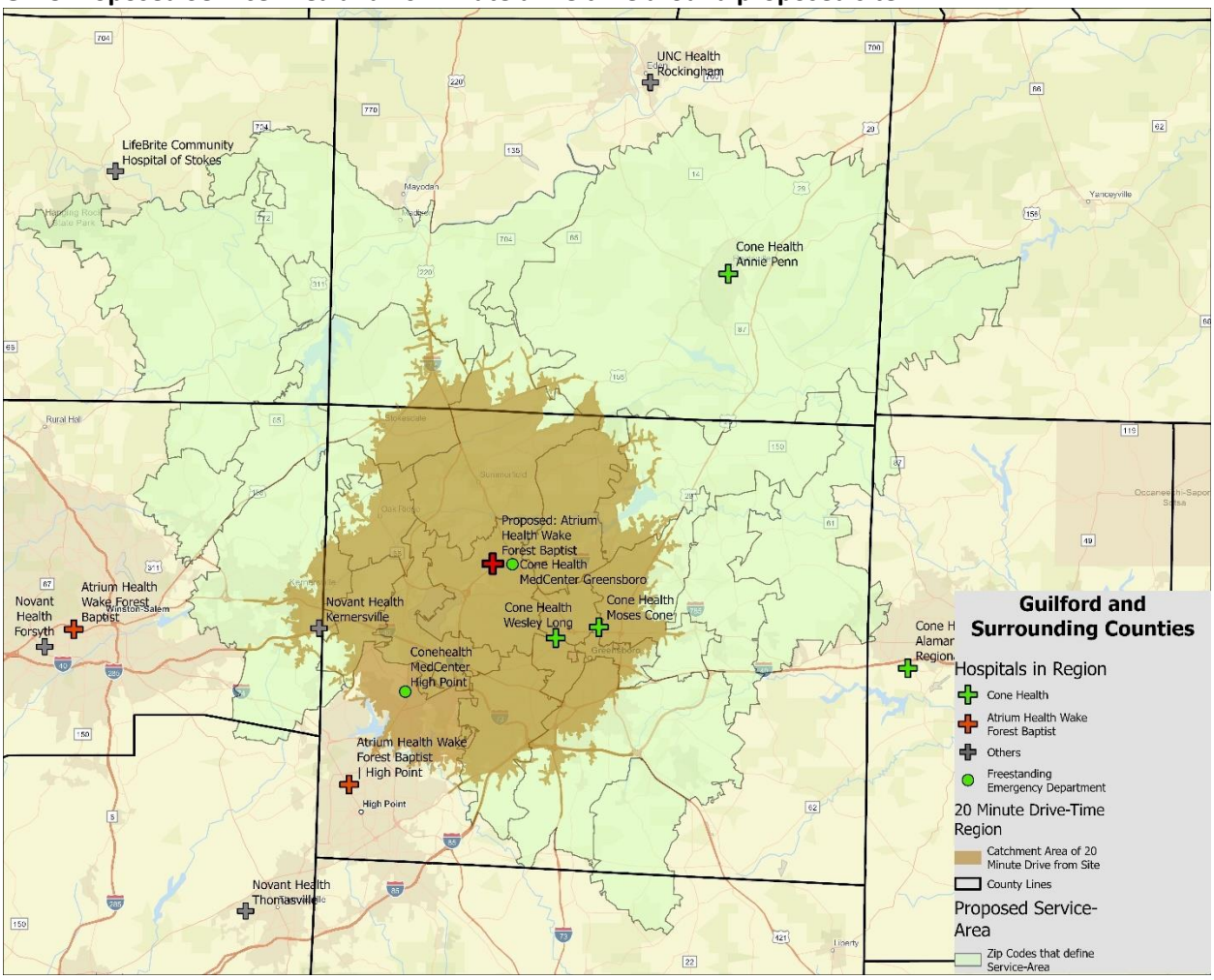
HPMC states on p. 138, “This service area is reasonable, given the proximity of each ZIP code to the location and accessibility of the proposed GMC campus on Horse Pen Creek Road in Greensboro. The following map portrays the 5, 10, and 20-minute drive times from the GMC hospital campus location (represented by the blue dot on the map).”

Greensboro Medical Center Drive Time Map



However, the map provided in the application does not provide a complete picture of the drive time compared to the proposed service area. The map provided below demonstrates that many of the ZIP codes projected to be served are located outside the 20-minute drive time to GMC, and residents of those ZIP codes have access to several existing and competing health systems, including emergency departments. In fact, Forsyth County ZIP codes 27042, 27052, 27009, 27051, 27052, and 27284, as well as Rockingham County ZIP codes 27025 and 27320 are located within a 20-minute drive time of acute care, surgical, and emergency services at Lifebrite Community Hospital of Stokes, Kernersville Medical Center, UNC-Rockingham Hospital, and Cone Health Hospitals. Patients in these ZIP codes are well served by a number of competing hospital systems that are geographically accessible. HPMC uses an overly broad, unreasonable service area in order to inflate projected volumes to justify an unneeded facility.

GMC Proposed Service Area and 20-minute drive time around proposed site



Source: ArcGIS

As evidence that the proposed service area is too broad, a review of the most recent patient origin data available from the North Carolina Division of Health Service Regulation (NCDHSR), shown below, indicates that more than 85% of patients in Forsyth and Stokes counties choose or are taken to a service provider for emergency services located in one of those two counties. With an abundance of ED options in Stokes and Forsyth counties, the number of patients in either county who receive care at any ED service provider in Guilford County, including a Cone Health facility or HPMC, is very small and equaled 4,273 patients in FY 2021. However, on page 38 of the application, HPMC projects that 31.33% of GMC's emergency services patient origin will be represented by Forsyth County and 7.19% by Stokes County, resulting in 7,987 patients in PY 3. It is unreasonable to project that the number of Stokes and Forsyth County patients coming to a Guilford County emergency department, regardless of ZIP code and clinical condition, would grow by 86%, and that all those patients would choose to come to GMC instead of one of the other five emergency departments in Guilford County, indicating the service area is too broad.

Historical ED Visits, Stokes County residents FY 2021

County Location of Emergency Department	ED Visits	% of Total Visits
Forsyth	12,386	72.7%
Stokes	2,229	13.1%
Surry	1,177	6.9%
Rockingham	324	1.9%
Davie	318	1.9%
Guilford	269	1.6%
All Others	324	1.9%
Total	**17,028**	**100.0%**

Source: 15-PatientOrigin_ED-2022.pdf (ncdhhs.gov)

Historical ED Visits, Forsyth County Residents FY 2021

County Location of Emergency Department	ED Visits	% of Total Visits
Forsyth	147,375	89.8%
Davie	6,596	4.0%
Guilford	4,004	2.4%
All Other	6,104	3.7%
Total	**164,078**	**100.0%**

Source: 15-PatientOrigin_ED-2022.pdf (ncdhhs.gov)

On pages 37 and 38 of the application, HPMC projects that ALL the proposed service components of acute care beds, surgical cases, emergency department, and entire GMC facility will have the same patient origin. This assumption is unreasonable given the historical HPMC patient origin provided on pages 34-36 of the application that show different patient origins for each service component.

HPMC Historical Patient Origin, FY 2022

Patient Origin	HPMC Inpatient Discharges		HPMC ED		HPMC Ambulatory Surgical Cases	
	Number	% of Total	Number	% of Total	Number	% of Total
Guilford	7,330	51.0%	25,582	57.2%	1,750	44.2%
Randolph	3,960	27.6%	10,774	24.1%	1,060	26.8%
Davidson	1,916	13.3%	4,659	10.4%	616	15.5%
Forsyth	547	3.8%	1,605	3.6%	211	5.3%
Rockingham	58	0.4%	132	0.3%	59	1.5%
Other NC Counties	402	2.8%	1,007	2.3%	216	5.5%
Other States	163	1.1%	972	2.2%	51	1.3%
Total	**14,376**	**100.0%**	**44,731**	**100.0%**	**3,963**	**100.0%**

Source: Application

In addition to an overly broad service area, HPMC is inconsistent in its identification of the patient population. On pages 39 and 40 of the application and then throughout the discussion in Section C.4, HPMC attempts to identify need for the proposed project in the City of Greensboro and Guilford County. However, as noted above, the projected patient origin states that Guilford County residents will represent just 47.09% of projected patients, meaning an even smaller percentage will be residents of Greensboro. The need is described as being driven by the City of Greensboro and Guilford County. But the data do not support need for a new facility in Guilford County. Therefore, the Applicant relies on a patient population from an extensive service area outside Guilford County.

GMC Projected Patient Origin, 1st Full Fiscal Year

Patient Origin	GMC Inpatient Discharges		GMC ED		GMD Surgical Cases	
	Number	% of Total	Number	% of Total	Number	% of Total
Guilford	786	47.1%	7,892	47.1%	686	47.1%
Forsyth	523	31.3%	5,249	31.3%	456	31.3%
Rockingham	157	9.4%	1,573	0.3%	137	9.4%
Stokes	120	7.2	1,205	7.2%	105	7.2%
Other NC Counties	83	5.0%	1,007	5.0%	216	5.0%
Total	**1,669**	**100.0%**	**16,757**	**100.0%**	**1,456**	**100.0%**

Source: Application

The Applicant provides projected percentages by which it expects volumes to shift from current AHWFB sites of care to the proposed GMC. HPMC provides the following table on page 143 of the application to demonstrate the percentage of acute care inpatients that will shift, based on their assumption that GMC is a more “convenient Greensboro location” and would reduce travel time for residents of Guilford County and Greensboro. However, many of these patients are not projected to travel from Guilford County and Greensboro and have adequate access to other acute care facilities with adequate capacity. As will be demonstrated later in these comments, the baseline volumes in the methodology are overstated, and therefore, these inappropriate shift assumptions only compound overstated volumes.

Proposed GMC Service Area Patient Shift, by ZIP Code, Project Year 3

ZIP Code	County	PY3 % Shift
27009	Forsyth	60%
27025	Rockingham	60%
27042	Stokes	60%
27051	Forsyth	50%
27052	Stokes	40%
27214	Guilford	80%
27235	Guilford	60%
27249	Guilford	80%
27284	Forsyth	40%
27301	Guilford	80%
27310	Guilford	80%
27313	Guilford	50%
27320	Rockingham	80%
27357	Rockingham	60%
27358	Guilford	80%
27401	Guilford	60%
27403	Guilford	60%
27405	Guilford	80%
27406	Guilford	50%
27407	Guilford	50%
27408	Guilford	80%
27409	Guilford	50%
27410	Guilford	90%
27455	Guilford	80%

Source: Application

As the table above shows, a number of the service area ZIP codes which are in close proximity to existing Cone Health and non-Cone Health acute care hospitals, including HPMC, are projected to shift at a rate of 80%. The assumption that 50-80% of the AHWFB system patients appropriate for care at GMC will shift their care to GMC is unrealistic. Therefore, there is incongruency between who needs the proposed project and what patients will be served. Section C.4 of the application states that the need is for Greensboro and Guilford County; yet the Applicant relies on a significant shift of patients from outside Greensboro and outside Guilford County to Greensboro Medical Center for its volume projections.

Finally, much of the proposed shift of patients is from the applicant's flagship facility located in Winston-Salem, not from HPMC. However, instead of only relying on Guilford County patients receiving care in Winston- Salem, the Applicant includes patients currently being treated at AHWFBMC from Forsyth and Stokes counties. Assuming that patients closer to Winston- Salem with established travel and commuting patterns would suddenly shift their preference due to the presence of a facility in Guilford County is unreasonable. The applicant also neglects to explain how the shift of patients from AHWFBMC will affect the payor mix and patient origin of that facility. The applicant makes it clear that nearly 75% of the cases projected for GMC will shift from AHWFBMC, so it is assumed that there should be at least a cursory explanation of the effects of this shift on the existing facilities besides HPMC.

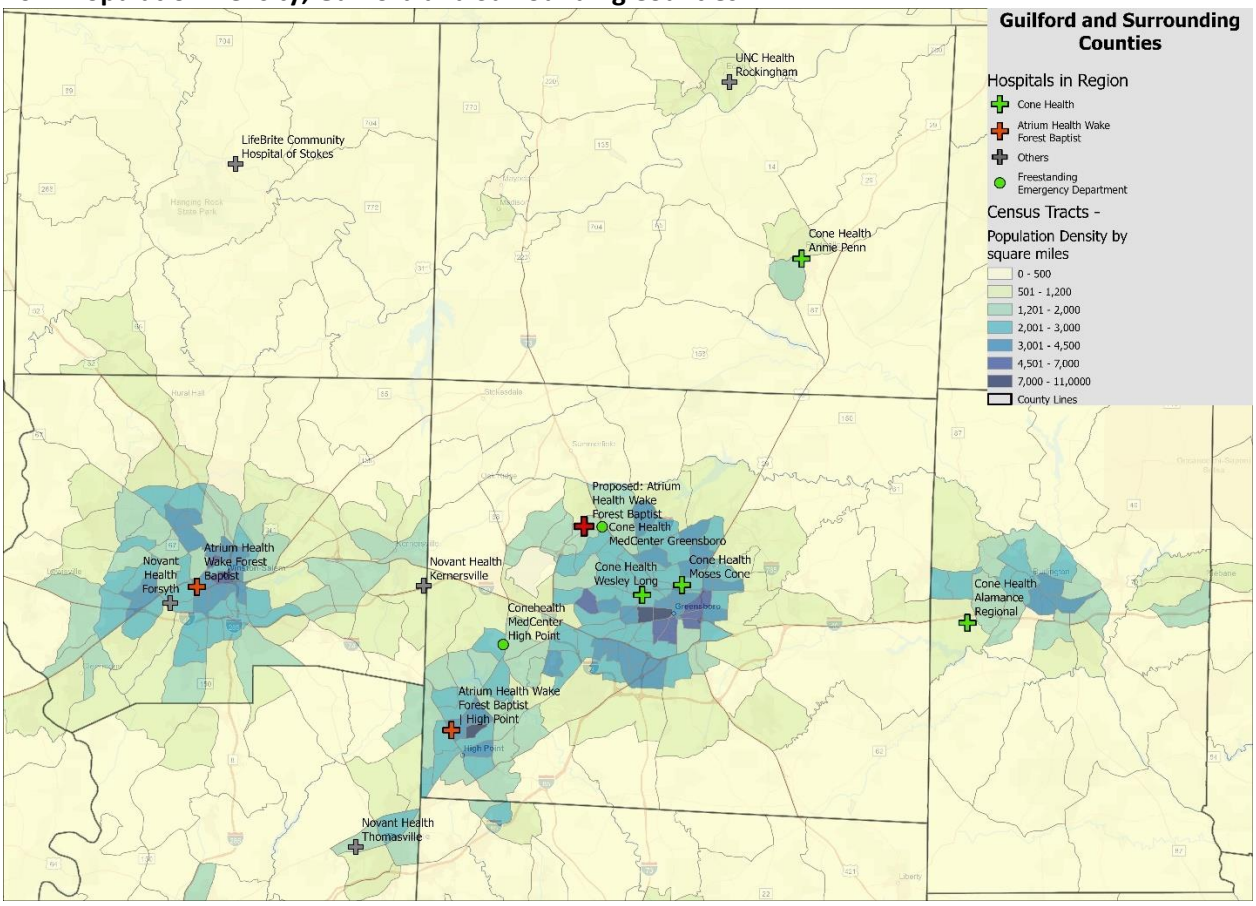
For these reasons, the proposed project does not adequately identify the patient population to be served and, therefore, is non-conforming with Criteria 3, 4, 6, and 18a.

2. <u>The projected need for the proposed project is unsupported and unreasonable, so the projected utilization and financials are unreasonable, rending the Application non-conforming with Criteria 3, 4, 5, 6, and 18a.</u>

HPMC asserts on page 39 of the application that the proposed project is needed for several reasons that are not supported. Additionally, the volume assumptions and methodology upon which the projected utilization and financials are based are overstated and unsupported.

Geographic Access - On page 40 of the application, HPMC states, "Greensboro is located in the center of Guilford County, and with a location adjacent to Interstate 840, GMC will provide convenient access for hospital patients from throughout Guilford County, and in particular Greensboro residents, with less than a 20-minute drive from any location in Greensboro." According to the map shown on the next page of these comments, GMC is clearly not located centrally in Greensboro or in Guilford County, nor is it located centrally to areas of high population density.

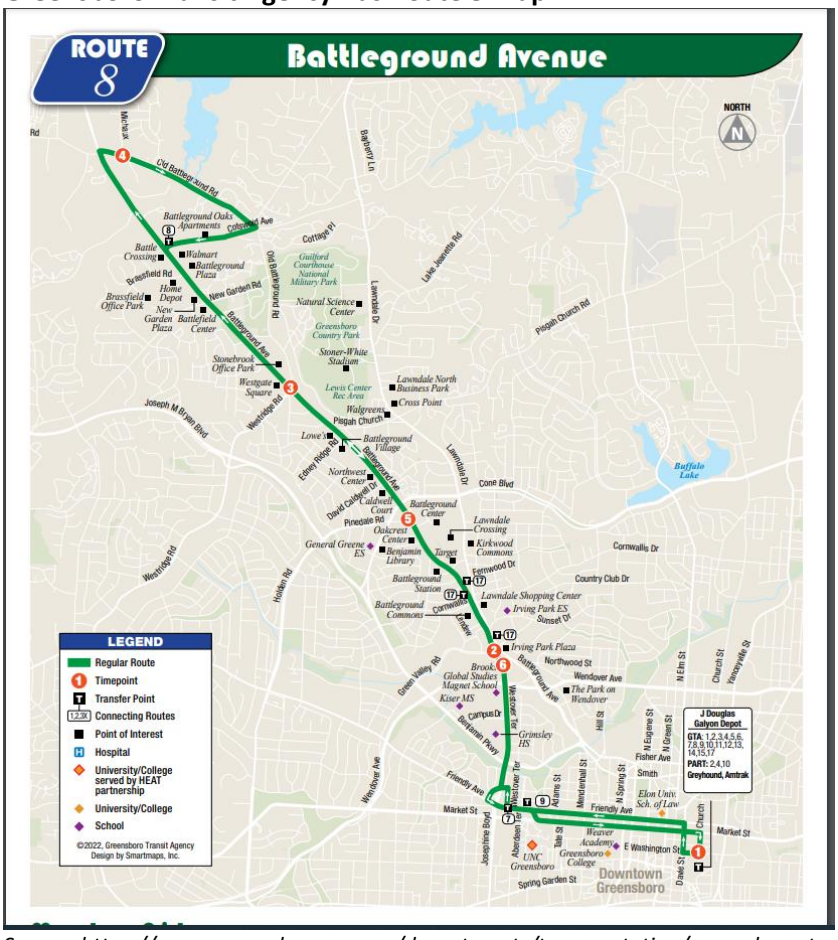
2022 Population Density; Guilford and Surrounding Counties



Source: US Census

The applicant states the proposed project will "…provide convenient access for hospital patients throughout Guilford County…" However, unlike the other hospitals in Guilford County, it will not be served by any form of public transportation. The closest bus route to the proposed project is located at the corner of Old Battleground Road and Michaux Road in Greensboro. The proposed project is 1.7 miles to the west of this bus stop and would not be accessible to any patient without access to a private vehicle or some other form of transportation. The map on the next page of these comments shows the extent of Greensboro Transit Agency Route 8, the closest route to the proposed project. The nearest stop to the proposed project is represented by the number four in the upper left corner of the map.

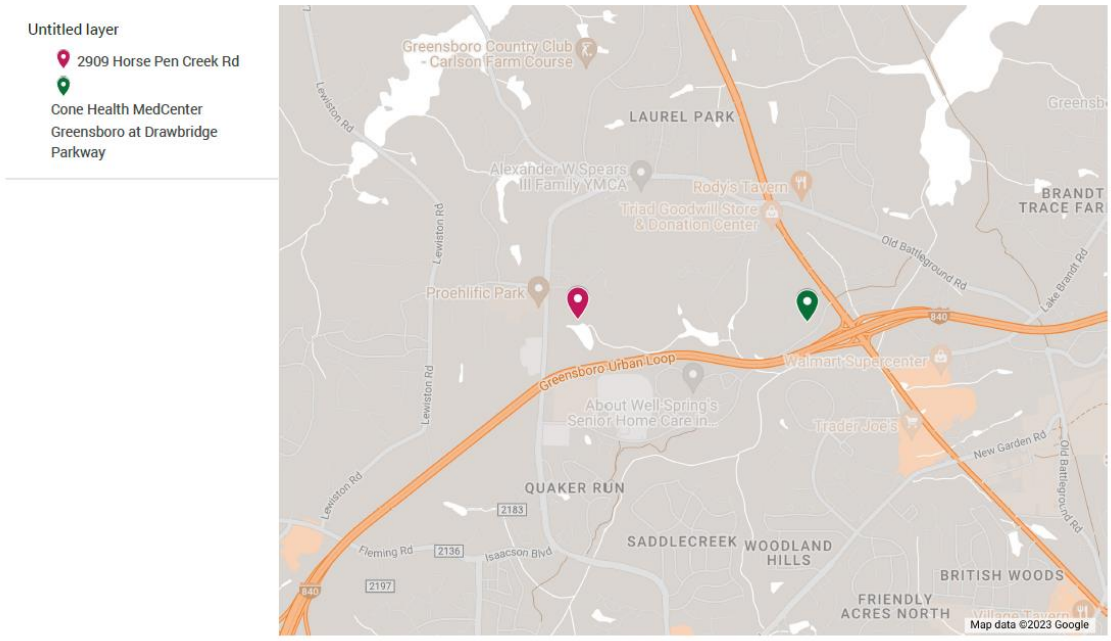
Greensboro Transit Agency Bus Route 8 Map



Source: https://www.greensboro-nc.gov/departments/transportation/greensboro-transit-agency-public-transportation-division/routes-6948

The Applicant states on page 32 that "GMC will be located at 2909 Horse Pen Creek Road (near the intersection of Horse Pen Creek Road and Jessup Grove Road) in Greensboro. As shown on the following map, the proposed location is adjacent to Interstate 840, and with quick connecting access to I-40, I-73, and U.S. 220, will make GMC easily accessible to residents from Greensboro and surrounding communities." Although the site is adjacent to Interstate 840, it is NOT adjacent to entrance and exit ramps of I-840. The closest entrance and off-ramps for 840, located at Battleground Ave, are located just over 2 miles via vehicle from the site according to Google Maps. Additionally, emergency department patients exiting I-840 at that Battleground exit-ramp will immediately drive past the existing freestanding emergency department located at MedCenter Greensboro at Drawbridge Parkway, as shown in the map on page 138 of the application.

Site Proximity to I-840 Entrance / Exit Ramps

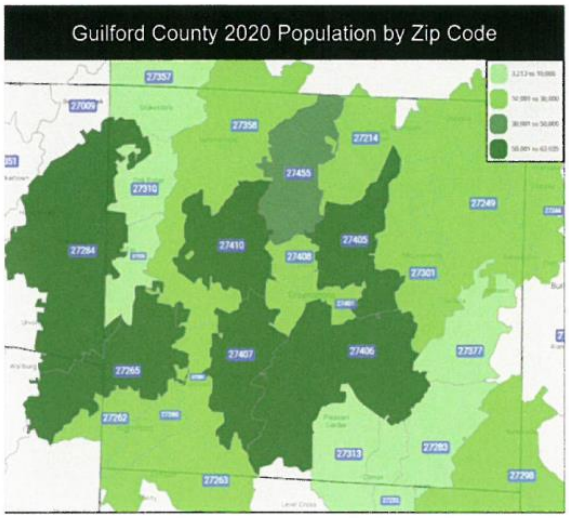


The Applicant states on page 44 of the application that the proposed location is centrally located relative to other large-population Greensboro ZIP codes, including 27406, 27405, 27407, 27455, 27401, 27403, 27409, and 27408. This statement is disingenuous. The Applicant says that they need better geographic distribution of AHWFB assets throughout the county, yet the proposed project is clearly not centrally located to Greensboro population centers, particularly ZIP codes 27407 and 27406, which represent large portions of the Guilford County population, as demonstrated by the map on the previous page of these comments.

Additionally, according to data provided in the application, the High Point ZIP codes where HPMC is currently located are projected to grow more in population than the Greensboro ZIP codes surrounding the proposed new location.

Guilford County Population by Zip Code

Zip	City	Estimated 2020 Population	Projected 2025 Population	Projected 5 Year
27406	Greensboro	63,035	65,864	4.5%
27284	Kernersville	56,864	58,457	2.8%
27410	Greensboro	56,222	58,200	3.5%
27265	High Point	51,809	53,633	3.5%
27405	Greensboro	50,900	53,431	5.0%
27407	Greensboro	50,194	52,010	3.6%
27455	Greensboro	32,083	33,179	3.5%
27260	High Point	26,743	29,844	11.6%
27262	High Point	26,379	27,314	7.6%
27401	Greensboro	23,019	24,234	5.3%
27263	High Point	21,901	22,522	2.8%
27403	Greensboro	21,260	22,415	5.4%
27244	Elon	17,578	18,658	6.1%
27409	Greensboro	17,666	18,317	3.7%
27408	Greensboro	17,335	17,908	3.3%
27282	Jamestown	17,173	17,770	3.5%
27358	Summerfield	15,531	15,818	1.8%
27249	Gibsonville	12,796	13,428	4.9%
27214	Browns Summit	11,526	12,021	4.3%
27298	Liberty	10,368	11,145	7.5%
27301	McLeansville	10,343	10,653	3.0%
27377	Whitsett	9,169	9,482	3.4%
27357	Stokesdale	8,773	8,901	1.5%
27310	Oak Ridge	7,741	7,943	2.6%
27313	Pleasant Garden	7,417	7,552	1.8%
27235	Colfax	4,875	5,031	3.2%
27283	Julian	3,273	3,510	7.2%
27233	Climax	3,213	3,203	-0.3%
27411	Greensboro	1,888	1,891	0.2%
27413	Greensboro	495	495	0.0%



Source: United States Census Bureau

Source: Application, p. 45

As demonstrated above, High Point ZIP codes 27260, 27262, 27263, and 27265, adjacent to the current HPMC, are projected to grow by 7,481 residents, or 5.9%, while the Greensboro ZIP codes in closest proximity to the new GMC location, 27410, 27310, 27358 and 27455, are projected to grow by just 4,156, or 3.2%. (Although ZIP code 27409 is adjacent to the proposed project, it is excluded from this growth count because patients in 27409 will essentially be equidistant from both the current and proposed locations.) Organic growth and need for inpatient services are likely to come from the ZIP codes where population is projected to grow more.

As the projected need is unsupported, the proposed project is non-conforming with Criterion 3, 4, 5, 6, and 18a.

3. <u>Projected utilization is not supported by reasonable assumptions, rendering the application non-conforming with Criterion 3, 4, 5, and 18a.</u>

<u>Need for Proposed Complement of Services</u>

Emergency Department Utilization –The proposed service area currently has ample access points for both inpatient and emergency care. Again, the inclusion of an overly broad service area as part of the methodology to demonstrate additional and unmet need is disingenuous and should not be considered as it would be unnecessary duplication of emergency services. One example is zip code 27284 (Kernersville) and its proximity to 5 emergency rooms: Novant Kernersville, Cone Health MedCenter High Point, Atrium Health Wake Forest Baptist High Point Medical Center, Novant Health Forsyth, and Atrium Health Wake Forest Baptist Medical Center. The table below shows emergency room discharge data from HIDI Analytics and the share of visits from ZIPs 27009, 27042, 27051, 27052, and 27284, which

are all located in Forsyth and Stokes counties, to the west and northwest of the location of the proposed project.

ED Visit Share by Facility, ZIPs 27009, 27042, 27051, 27052, and 27284, FFY 2018- FFY 2022

Facility	FFY 2018	FFY 2019	FFY 2020	FFY 2021	FFY 2022
Novant Health Kernersville Medical Center - Kernersville, NC	52.5%	54.4%	50.8%	50.4%	48.5%
Atrium Health Wake Forest Baptist - Winston-Salem, NC	18.0%	16.8%	16.0%	16.7%	18.0%
Novant Health Forsyth Medical Center - Winston Salem, NC	18.6%	17.4%	19.5%	18.4%	17.7%
LifeBrite Community Hospital of Stokes - Danbury, NC	0.1%	0.2%	2.3%	3.1%	4.0%
All Others	10.8%	11.2%	11.4%	11.4%	11.8%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Source: HIDI/NCHA

The current patterns of use for these ZIPs suggest that the likelihood that patients in these ZIPs would adjust travel patterns to leave Forsyth and Stokes County, bypassing multiple options for ***emergency*** care, is doubtful. It is also unclear if EMS providers would leave their home counties to travel into Guilford County for emergent traffic.

In reviewing the portion of GMC's service area that is within Guilford County, it is further evident that HPMC does not have a need for additional emergency department beds. In the table below, the five existing emergency departments located in Guilford County show decidedly negative annual growth in visits, with the exception of MedCenter Greensboro at Drawbridge Parkway which opened in mid- 2022. This emergency department is located less than 2 miles east of the proposed project.

Guilford County Emergency Department Visits, FY18- FY22

Facility	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	4-Year CAGR
Moses Cone Memorial Hospital	106,562	99,050	101,405	87,878	76,217	(8.0%)
Wesley Long Hospital	53,189	48,725	42,790	39,520	38,196	(7.9%)
Cone Health MedCenter High Point	30,348	31,229	25,994	26,959	28,361	(1.7%)
Cone Health MedCenter Greensboro at Drawbridge Parkway	*	*	*	*	8,745	*
AH High Point Medical Center	55,038	51,331	46,815	46,005	44,706	(5.1%)
Total	**245,137**	**230,335**	**217,004**	**200,362**	**187,480**	**(6.5%)**

**CH MC Greensboro opened mid- FY 2022.Source: Annual Licensure*

Using the information provided by the applicant from the American College of Emergency Physicians (ACEP) in Exhibit C.5, "High and low range estimates for department area and bed quantities", a calculation was performed to determine the number of ED visits per bed in FY 2022.

ED Utilization, Guilford County FY 2022

Facility	ED Visits	ED Beds	ED Visits/ ED Bed
HPMC	44,706	44	1,016
Cone Health*	151,519	161	941
Total	**196,225**	**205**	**957**

*Source: Annual Licensure. *Includes all Cone Health Guilford County facilities*

In reviewing the capacity benchmark table below, it is clear that the number of ED visits per bed falls well within the acceptable range shown by the ACEP for both the individual facilities and the county as whole, demonstrating that the proposed project represents unnecessary duplication.

High and Low Range Estimates for Department Areas and Bed Quantities

Figure 6.5.
High and low range estimates for department areas and bed quantities.
(Reproduced courtesy of FreemanWhite, Inc.)

Projected Annual Visits	Department Gross Area Low Range Dept. Area	Department Gross Area High Range Dept. Area	Bed Quantities Low Range Bed Quantity	Low Range Visits/Bed	High Range Bed Quantity	High Range Visits/Bed	Estimated Area/Bed	Estimated Observation/ Clinical Decision (included in High Range Bed Quantities)
10,000	7,200 dgsf	9,900 dgsf	8	1,250	11	909	900 dgsf/bed	2-3 patient spaces
20,000	13,500 dgsf	17,100 dgsf	15	1,333	19	1,053	900 dgsf/bed	3-4 patient spaces
30,000	17,500 dgsf	22,750 dgsf	20	1,500	26	1,154	875 dgsf/bed	4-6 patient spaces
40,000	21,875 dgsf	28,875 dgsf	25	1,600	33	1,212	875 dgsf/bed	6-8 patient spaces
50,000	25,500 dgsf	34,000 dgsf	30	1,667	40	1,250	850 dgsf/bed	8-10 patient spaces
60,000	29,750 dgsf	39,950 dgsf	35	1,714	47	1,277	850 dgsf/bed	9-12 patient spaces
70,000	33,000 dgsf	44,550 dgsf	40	1,750	54	1,296	825 dgsf/bed	11-14 patient spaces
80,000	37,125 dgsf	50,325 dgsf	45	1,778	61	1,311	825 dgsf/bed	13-16 patient spaces
90,000	40,000 dgsf	54,400 dgsf	50	1,800	68	1,324	800 dgsf/bed	14-18 patient spaces
100,000	44,000 dgsf	60,000 dgsf	55	1,818	75	1,333	800 dgsf/bed	16-20 patient spaces
110,000	46,500 dgsf	63,550 dgsf	60	1,833	82	1,341	775 dgsf/bed	18-22 patient spaces
120,000	50,375 dgsf	68,975 dgsf	65	1,846	89	1,348	775 dgsf/bed	20-24 patient spaces
130,000	52,500 dgsf	72,000 dgsf	70	1,857	96	1,354	750 dgsf/bed	22-26 patient spaces
140,000	56,250 dgsf	77,250 dgsf	75	1,867	103	1,359	750 dgsf/bed	24-28 patient spaces
150,000	58,000 dgsf	79,750 dgsf	80	1,875	110	1,364	725 dgsf/bed	26-30 patient spaces

Source: Exhibit C.5, Application

Inpatient Utilization - In the Assumptions and Methodology for volumes at GMC, the applicant uses varying methods to estimate the projected growth in volumes for GMC. HPMC continually refers to

population growth of 0.8% annually as a "conservative" growth percentage to apply to inpatient discharges; yet for the five years prior to the application, population growth in the service area was similarly positive while inpatient discharges actually declined. In some instances, the Applicant uses one- and two-year growth rates when data for longer periods of time is presented. Were the full complement of data utilized, it would suggest much lower growth potential than the applicant asserts.

Historical AHWFB Acute Care Discharges from Proposed GMC Service Area

	Discharge Year					Annualized	2019-2021	2020-2022
Patient County	**2018**	**2019**	**2020**	**2021**	**2022**	**FY 2022**	**2-yr CAGR**	**2-yr CAGR**
Forsyth	1,151	1,125	1,059	1,121	532	1,064		
Guilford	1,729	1,621	1,595	1,751	803	1,606		
Rockingham	350	357	344	287	157	314		
Stokes	312	253	208	251	121	242		
Grand Total	**3,542**	**3,356**	**3,206**	**3,410**	**1,613**	**3,226**	**0.80%**	**.031%**

Source: page 141, Application

The Applicant calculated a 2-year Compound Annual Growth Rate, one for 2019-2021 and one for 2020-2022. It is unclear why the Applicant would choose to use a narrow two-year CAGR, especially since the COVID-19 pandemic impacted years 2020 and 2021 dramatically. Below is the same table with the same data and a 4-year compound annual growth rate calculated:

Historical AHWFB Acute Care Discharges from Proposed GMC Service area with 4- year CAGR

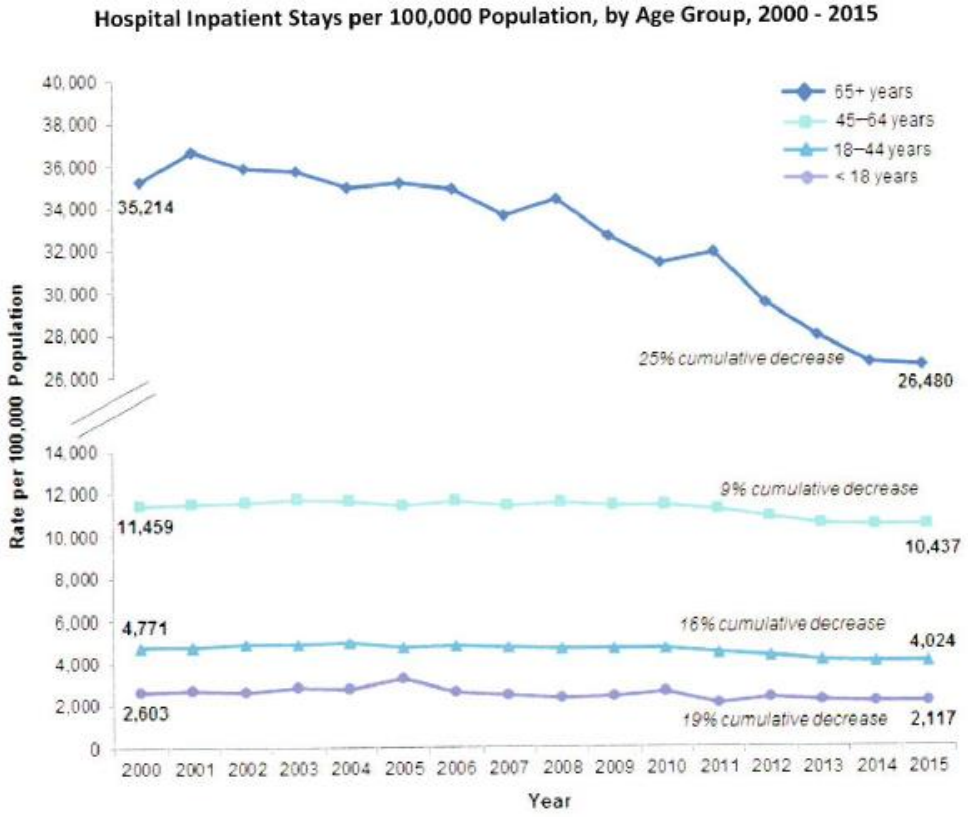
	Discharge Year					Annualized	2019-2021	2020-2022	2018-2022
Patient County	**2018**	**2019**	**2020**	**2021**	**2022**	**2022**	**2-yr CAGR**	**2-yr CAGR**	**4-yr CAGR**
Forsyth	1,151	1,125	1,059	1,121	532	1,064			(1.9%)
Guilford	1,729	1,621	1,595	1,751	803	1,606			(1.8%)
Rockingham	350	357	344	287	157	314			(2.7%)
Stokes	312	253	208	251	121	242			(6.2%)
Grand Total	3,542	3,356	3,206	3,410	1,613	3,226	0.80%	.031%	(2.3%)

Source: page 141, Application/ Cone Health Strategy & Planning

As shown in the table above, had the applicant calculated a four-year growth rate using the available data (annualized for 2022), the growth rate would be decidedly negative. It suggests that the Applicant may have chosen a shorter time period – and one impacted by COVID-19 as well – because it provides a positive growth rate to apply to projected future volumes, compared with the clear decline in discharges since 2018.

HPMC states that increasing hospital utilization in Guilford County requires Guilford County hospitals to optimally manage acute care bed capacity and therefore, is a reason for the proposed project. A table provided on page 47 of the application indicates that inpatient days of care provided in Guilford County acute care hospitals, regardless of patient county of residence, increased from 232,290 in FFY 2017 to

248,092 in FFY 2021, for a CAGR of 1.7%. However, the Applicant fails to point out that over that time period, inpatient days of care at Cone Health's Guilford County hospitals grew from 173,958 days to 191,875 days while High Point Medical Center's inpatient days of care declined from 58,332 days to 56,217 days, according to HIDI data. Additionally, a chart provided on page 54 of the application and below, indicates that inpatient use rates per 100,000 population declined from 2000 – 2015, particularly in the 65+ age cohort. While the aging of the population is increasing at a faster rate than total population and older age cohorts utilize healthcare services more frequently, this table demonstrates that healthcare services are increasingly likely to be delivered outside of a hospital.



Source: Agency for Healthcare Research and Quality (AHRQ), Center for Delivery, Organization, and Markets. Healthcare Cost and Utilization Project (HCUP), National (Nationwide) Inpatient Sample (NIS), 2000-2015

The growth in days of care is also somewhat inflated, as the response to the COVID-19 pandemic from Cone Health included a dedicated campus for COVID-19 patients, not just those from Guilford County but from counties surrounding the Piedmont Triad. Guilford County typically represents about 72% of patient origin for Cone Health's general acute care beds located in Guilford County. However, at the Greensboro Green Valley campus, dedicated to and opened solely for COVID-19 patients in 2020 and 2021, Guilford County patients represented just 54.8% of patients. Consideration is not given to the fact that discharge rates were likely inflated for years 2020 and 2021 when COVID was most prevalent and annualized rates of discharge for 2022 all show a decline from the pre-COVID rates of 2019. The Table below shows the discharges and days of care from Cone Health's Green Valley Campus reported on Cone Health's annual licensure in 2021 and 2022.

Cone Health Green Valley Campus (Temporary COVID-19 Hospital), FY 2020 and FY 2021

Fiscal Year	Inpatient Discharges	Inpatient Days of Care
FY 2020	950	6,695
FY 2021 (Closed 3/3/2021)	1,609	10,827
Total	**2,559**	**17,522**

Source: Annual Licensure

As evidenced from the below table, HPMC inpatient days of care have declined from FY 2018 to FY 2022 by 1.2% annually, despite assertions that capacity constraints are one of the drivers for the proposed project. Inpatient bed utilization has declined from FY 2018 to FY 2022 by 3.1 percentage points, and other inpatient services also declined, as presented below.

High Point Regional Medical Center Licensure Statistics, FY 2018- FY 2022

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	4-Year CAGR
IP Days of Care	66,506	70,703	62,533	70,857	62,533	(1.5%)
Licensed Beds	351	351	351	351	351	0.0%
Staffed Beds	313	313	313	313	299	(1.1%)
ED Visits	55,038	51,331	46,815	46,005	44,706	(5.1%)
OP Visits	124,994	144,815	136,794	155,837	152,861	5.2%
IP Surgical Cases	3,064	2,575	3,008	2,790	2,541	(4.6%)
OP Surgical Cases	2,602	2,385	3,143	3,601	4,100	12.0%
IP GI Endoscopy	935	920	976	820	687	(7.4%)
OP GI Endoscopy	1,104	944	862	1,208	1,469	7.4%
MRI Procedures	6,234	4,523	4,464	4,723	4,578	(7.4%)
CT Procedures	26,732	21,548	21,367	18,986	19,059	(8.1%)
Deliveries	1,552	1,483	1,387	1,299	1,320	(4.0%)
Diagnostic Cath	916	1,357	2,897	1,385	1,322	9.6%
Interventional Cath	667	853	None Reported	569	695	1.0%
EP	1,018	492	1,068	424	1,009	(0.2%)
PET	885	946	991	1,013	1,223	8.4%

Source: HPMC Annual Licensure Applications, 2019-2023

HPMC Inpatient Utilization, FY 2018- FY 2022

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	%-age point change FY18-FY22
51.9%	55.2%	48.8%	55.3%	48.8%	(3.1%)

Source: HPMC Annual Licensure Applications, 2019-2023

The suggestion that somehow HPMC is projecting future capacity constraints despite its declining utilization is not a valid argument to develop an additional site for care.

Specific Services Proposed - By reviewing HIDI data for the five calendar years prior to the application, it is evident that the service lines referenced in the application specifically to be treated at GMC show large declines over the past five years. Considering the historical declines, it is unlikely the presence of an additional inpatient hospital would reverse this trend, as value-based care and advanced technology continue to shift care from the inpatient to the outpatient setting, a trend that is likely to accelerate in the future.

Inpatient Total Market Discharges by Service Line, GMC Proposed Service Area, CY 2018- CY 2022

Service Line	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	4-Year CAGR
ENT	330	279	268	232	239	(7.7%)
General Surgery	3,610	3,532	3,231	3,553	3,481	(0.9%)
Gynecology	390	351	269	309	228	(12.6%)
Ophthalmology	47	64	51	41	59	5.8%
Orthopedics	3,983	4,074	3,396	2,718	2,310	(12.7%)
Total	**8,360**	**8,300**	**7,215**	**6,853**	**6,317**	**(6.8%)**

Source: HIDI/NCHA

Outpatient Total Market Discharges by Service Line, GMC Proposed Service Area, CY 2018- CY 2022

Service Line	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	4-Year CAGR
ENT	3,252	5,085	6,785	10,010	12,433	39.8%
General Surgery	4,235	4,328	4,887	5,860	6,054	9.3%
Gynecology	1,935	1,793	2,167	2,313	2,418	5.7%
Ophthalmology	3,437	3,993	9,987	11,089	10,855	33.3%
Orthopedics	4,033	4,431	10,282	12,426	13,017	34.0%
Total	**16,892**	**19,630**	**34,108**	**41,698**	**44,777**	**27.6%**

Source: HIDI/NCHA

Meanwhile, the same service lines experienced large amounts of growth in the outpatient setting over the same time period. Compound annual historical growth ranges from a low of 5.7% for Gynecological services to a high of 39.8% for ENT. AHWFB has already received approval to build two Medical Office Buildings, including an ambulatory surgery facility on the same site as the proposed project, which should provide ample access to patients seeking care in the outpatient setting. Adding inpatient capacity at this site would be duplicative and unnecessary.

The proposed project also represents a duplication of existing acute care beds and operating rooms as demonstrated in the 2023 NC SMFP, which reports a surplus of 83 acute care beds and 31 operating rooms in Guilford County, as shown below. Additionally, patients proposed to be served by GMC already have sufficient choice of, and access to, multiple hospitals from various health systems.

Table 5A: Acute Care Bed Need Projections

A	B	C	D	E	F	G	H	I	J	K	L
Service Area	License Number	Facility Name	Licensed Acute Care Beds	Adjustments for CONs/ Previous Need	Inpatient Days of Care	Growth Rate Multiplier (GRM)	Projected Days of Care	2025 Projected Average Daily Census (ADC)	2025 Beds Adjusted for Target Occupancy	Projected 2025 Deficit or Surplus (surplus shows as a "-")	2025 Need Determination
Edgecombe	H0258	Vidant Edgecombe Hospital	91	0	13,308	-1.0134	13,308	36	55	-36	
Edgecombe Total			**91**	**0**							**0**
Forsyth	H0209	Novant Health Forsyth Medical Center	809	20	219,574	1.0127	230,915	632	809	-20	
Forsyth	H0229	Novant Health Medical Park Hospital	22	0	3,037	1.0127	3,194	9	13	-9	
		Novant Health	831	20	222,611		234,109	641	822	-29	
Forsyth	H0011	Atrium Health Wake Forest Baptist	722	52	201,827	1.0127	212,251	581	744	-30	
Forsyth Total			**1,553**	**72**							**0**
Franklin	H0267-B	Maria Parham-Franklin	70	0		0.0000	0	0	0	-70	
Franklin Total			**70**	**0**							**0**
Gaston	H0105	CaroMont Regional Medical Center	356	43	109,492	1.0587	137,553	377	501	102	
Gaston		CaroMont Regional Medical Center - Belmont	0	54		1.0587	0	0	0	-54	
		CaroMont Health	356	97	109,492		137,553	377	501	48	
Gaston Total			**356**	**97**							**48**
Granville	H0098	Granville Health System	62	0	6,711	-1.0575	6,711	18	28	-34	
Granville Total			**62**	**0**							**0**
Guilford	H0159	Cone Health	709	0	191,875	1.0107	200,233	548	702	-7	
Guilford	H0052	High Point Regional Health	301	0	56,217	1.0107	58,666	161	225	-76	
Guilford Total			**1,010**	**0**							**0**

Table 6B: Projected Operating Room Need for 2025

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Service Area	License	Facility	Inpatient Cases	Final Inpatient Case Time	Ambulatory Cases	Final Ambulatory Case Time	Total Adjusted Estimated Surgical Hours	Growth Factor	Projected Surgical Hours for 2025	Projected Surgical ORs Required in 2025	Adjusted Planning Inventory	Projected OR Deficit/ Surplus (Surplus shows as a "-")	Service Area Need
Franklin	H0267-B	Maria Parham-Franklin	0	0.0	0	0.0	0		0	0.00	2	-2.00	
Franklin		Same Day Surgery Center	0	0.0	0	0.0	0		0	0.00	2	-2.00	
Franklin Total													**0**
Gaston		CaroMont ASC-Belmont	0	0.0	0	0.0	0		0	0.00	2	-2.00	
Gaston		CaroMont Regional Medical Center - Belmont	0	0.0	0	0.0	0		0	0.00	2	-2.00	
Gaston	AS0037	CaroMont Specialty Surgery	0	0.0	3,200	30.3	1,614	2.45	1,654	1.26	3	-1.74	
Gaston	H0105	CaroMont Regional Medical Center	4,647	106.7	9,072	81.0	20,512	2.45	21,015	11.97	17	-5.03	
CaroMont Health Total										***13.23***	***24***	***-10.77***	
Gaston Total													**0**
Granville	H0098	Granville Health System†/†††	473	54.5	2,077	26.1	1,334	4.45	1,393	0.93	3	-2.07	
Granville Total													**0**
Guilford	AS0047	High Point Surgery Center	0	0.0	3,671	60.0	3,671	3.75	3,809	2.90	6	-3.10	
Guilford	AS0152	Premier Surgery Center	0	0.0	1,174	60.0	1,174	3.75	1,218	0.93	2	-1.07	
Guilford	H0052	High Point Regional Health†††	2,328	129.0	3,601	93.1	10,596	3.75	10,993	7.33	10	-2.67	
Atrium Health Total										***11.16***	***18***	***-6.84***	
Guilford		North Elam Ambultatory Surgery Center	0	0.0	0	0.0	0		0	0.00	5	-5.00	
Guilford	H0159	Cone Health	10,404	165.0	16,570	130.0	64,513	3.75	66,934	34.33	40	-5.67	
Moses H. Cone Memorial Hospital System Total										***34.33***	***45***	***-10.67***	
Guilford	AS0009	Greensboro Specialty Surgical Center	0	0.0	1,305	49.2	1,070	3.75	1,110	0.85	3	-2.15	
Guilford	AS0018	Surgical Center of Greensboro†††	0	0.0	10,831	50.9	9,188	3.75	9,533	7.27	13	-5.73	
Surgical Care Affiliates Total										***8.11***	***16***	***-7.89***	
Guilford	AS0161	Valleygate Dental Surgery Center of the Triad**	0	0.0	1,608	0.0	0		0	0.00	0	0.00	
Guilford	AS0033	Surgical Eye Center	0	0.0	3,044	22.0	1,116	3.75	1,158	0.88	4	-3.12	
Guilford	AS0063	Piedmont Surgical Center††††	0	0.0	0	0.0	0		0	0.00	2	-2.00	
Guilford	H0073	Kindred Hospital - Greensboro††/††††	174	55.4	14	51.3	173	3.75	179	0.12	1	-0.88	
Guilford/Caswell Total													**0**
Halifax	H0230	Vidant North Hospital	825	80.0	1,967	58.0	3,001	-4.11	3,001	2.00	6	-4.00	

Physician Support - On page 32, HPMC states that "…physicians who currently admit and treat patients at HPMC will be members of the medical staff at the proposed GMC, providing continuity of care among the HPMC campuses…". However, only two letters of support were provided from independent physicians and of those, only one physician has admitting privileges at HPMC. The letters of support are almost exclusively from physicians practicing in Forsyth County, not Guilford County. There are only two letters of support from Greensboro-based physicians supporting the project.

The Applicant lists 34 existing AHWFB clinics in Greensboro on pages 40-41, but letters of support are not provided specifically from these practices. Additionally, eight of the 34 practices listed are specialty pediatric practices, but there is no evidence provided in the application that specialty pediatric services would be provided at GMC, and two practices are for high-risk obstetric services, which will not be provided at GMC.

HPMC states that "The ED will be supported by surgical services that will be available 24/7/365 basis, as well as diagnostic imaging services, both of which are discussed in further detail below." However, the Applicant fails to provide letters of support from specific surgeons stating a willingness to practice at this facility or to provide surgical coverage for the emergency department. The Applicant also does not provide any discussion of a physician recruitment plan to recruit and retain physicians to staff the facility

on a 24/7/365 basis. The costs required to ensure adequate specialist coverage for an emergency department also do not appear to be appropriately included in the financials provided in Section Q.

Guilford County and Service Area Projected Population Growth and Aging - Although Guilford County continues to grow in population with the highest rates of growth in older age cohorts, this growth does not require a duplicative hospital facility that does not materially enhance access for patients. Additionally, as demonstrated above, the GMC service area is proposed to extend beyond Guilford County. As indicated in the maps provided on pages 45 and 53 of the application, the ZIP codes projected to exhibit the greatest growth and projected to have the largest population in 2026, including 27284, 27407 and 27406 already have accessibility to HPMC, as well as to Cone Health and Novant hospitals.

Further demonstrating that inpatient capacity is currently adequate, the chart on page 54 of the application and above on page 17 of these comments, demonstrates that while inpatient hospitalization rates by age group exhibit higher utilization for 65+ age cohort, the inpatient use rate for 65+ age cohort has declined by 25%, as patients are increasingly treated in outpatient settings and chronic care is managed better through value-based care. In fact, use rates for all age groups has declined, demonstrating that duplication of hospital inpatient services is short-sighted and unnecessary.

In fact, a review of market data from HIDI also demonstrates a decline in discharges in the five fiscal years prior to the application in the ZIPs designated as Greensboro Medical Center's service area. As noted in comments regarding emergency department utilization above, it is not believable that residents of Stokes and Forsyth Counties would travel past established providers to seek care in Greensboro. For that reason, the proposed service area is unreasonable, and the application should be denied as it does not demonstrate the need the population to be served has for the services proposed as required by Criterion 3.

Total Market Inpatient Discharges, 24-ZIP Greensboro Medical Center Service Area, by **county**

County	2018	2019	2020	2021	2022	4-Year CAGR
Guilford County	25,130	25,169	22,335	24,371	22,856	(2.3%)
Forsyth County	4,742	4,548	4,198	4,409	3,825	(5.2%)
Rockingham County	1,399	1,408	1,353	1,431	1,260	(2.6%)
Stokes County	1,265	1,147	1,078	1,090	1,002	(5.7%)
Caswell County	920	943	879	985	935	0.4%
Grand Total	**33,456**	**33,215**	**29,843**	**32,286**	**29,878**	**(2.8%)**

Source: HIDI, NCHA; Advisory Board MSDRG service Line Definitions

Ongoing Economic Development and Increasing Traffic Congestion - HPMC utilizes economic development as evidence of the need for the proposed project. However, much of the economic development will benefit not just Greensboro, but other areas of the county as well, resulting in need for healthcare services across the county, not just in Greensboro. For example, HPMC cites the Greensboro-Randolph megasite as demonstration of economic development and traffic congestion. However, that site is located in Randolph County, near the southeast corner of Guilford County, the exact opposite side of the county as the newly proposed hospital. In fact, High Point Medical Center is located 2 miles closer to the megasite location than the proposed new facility, and the existing Chatham

Hospital, Randolph Health, Alamance Regional Medical Center, Wesley Long Hospital, and Moses Cone Hospital are all within a 30-minute drive time of the megasite, indicating the growth does not need to be met by the proposed project.

Assumptions and Methodology for Volume Projections and Financial Statements

The Applicant attempts to demonstrate need for its proposed project through its assumptions and methodology. However, the quantitative basis of its methodology is inconsistent with its proposed service area. These inconsistencies result in a materially significant overstatement of baseline volumes and a misrepresentation of the ratio of medical and surgical discharge. Since the Applicant bases its methodology on the inpatient baseline volumes, these materially significant errors continue through the assumptions and methodology used to support inpatient utilization, emergency room discharges, and outpatient volumes. To illustrate that the methodology is unreasonable and unsupported, it has been re-created here in the following four steps.

Step 1: Identify Greensboro Medical Center Service Area

Using data from HIDI, also used by the Applicant, patients from the identified ZIP codes with an inpatient discharge within the AHWFB system (including North Carolina Baptist Hospital, High Point Medical Center, Davie Medical Center, Lexington Medical Center, and Wilkes Medical Center) are identified in the table below.

Greensboro Medical Center Service Area Calendar Year Discharges

Facility Name	2018	2019	2020	2021	2022
Atrium Health Wake Forest Baptist - Winston-Salem, NC	3,396	3,418	3,442	3,683	3,696
Atrium Health Wake Forest Baptist Davie Medical Center - Mocksville, NC	102	111	149	93	74
Atrium Health Wake Forest Baptist High Point Medical Center - High Point, NC	1,312	1,193	1,175	1,244	1,214
Atrium Health Wake Forest Baptist Lexington Medical Center - Lexington, NC	13	29	34	35	29
Atrium Health Wake Forest Baptist Wilkes Medical Center - North Wilkesboro, NC	4	4	7	3	2
Grand Total	**4,827**	**4,755**	**4,807**	**5,058**	**5,015**

Source: HIDI

Step 2: Identify patients within the proposed service area and within the defined parameters of the GMC Service Acuity

The Applicant states that not all levels of acuity will be treated at the proposed facility given the "number of beds, operating rooms, and limited scale of support services", thus it has limited appropriate acuity level to those with an MS-DRG (medical severity diagnosis related group) relative case weight of less than or equal to 3.0.

After applying the acuity of 3.0 or less the patients assumed to clinically appropriate for treatment at the facility are noted in the following table.

Greensboro Medical Center Service Area Calendar Year Discharges with MS-DRG weigh of <3.0

Facility	2018	2019	2020	2021	2022
Atrium Health Wake Forest Baptist - Winston-Salem, NC	2,522	2,572	2,671	2,833	2,865
Atrium Health Wake Forest Baptist Davie Medical Center - Mocksville, NC	99	104	130	73	50
Atrium Health Wake Forest Baptist High Point Medical Center - High Point, NC	986	1,000	1,006	1,108	1,063
Atrium Health Wake Forest Baptist Lexington Medical Center - Lexington, NC	12	28	32	34	26
Atrium Health Wake Forest Baptist Wilkes Medical Center - North Wilkesboro, NC	4	3	7	3	1
Grand Total	**3,623**	**3,707**	**3,846**	**4,051**	**4,005**

Source: HIDI

Step 3: Account for other additional services that will not be performed at the proposed facility.

In addition to limiting the acuity of the services, the Applicant states that the following additional services will not be performed at the proposed facility:

Examples of Excluded High Acuity & Other Services

Neonates with Major Problems	Cardiac Catheterization	Neuro-cranial Surgery
Inpatient Rehabilitation	Obstetrics	Radiation Oncology
Transplant Surgery	Cardiac Surgery	Thoracic Surgery
Head Injury Trauma	Surgical Trauma	Burn Trauma
Pancreatic Surgery	Tracheostomy Surgery	

Source: Application, p. 140

Also, since the Applicant does not propose to have dedicated psych or substance use beds, those patients, who require specialized services and facilities, are removed from the analysis. The table below demonstrates the patients in the proposed service area that are remaining to be served.

Greensboro Medical Center Service Area Discharges with MS-DRG <3.0, removing noted high acuity and other services psych/substance use beds

Facility	2018	2019	2020	2021	2022
Atrium Health Wake Forest Baptist - Winston-Salem, NC	2,265	2,175	2,007	2,112	2,154
Atrium Health Wake Forest Baptist Davie Medical Center - Mocksville, NC	99	103	128	73	50
Atrium Health Wake Forest Baptist High Point Medical Center - High Point, NC	602	552	570	667	631
Atrium Health Wake Forest Baptist Lexington Medical Center - Lexington, NC	11	27	32	33	26
Atrium Health Wake Forest Baptist Wilkes Medical Center - North Wilkesboro, NC	4	3	7	3	1
Grand Total	**2,981**	**2,860**	**2,744**	**2,888**	**2,862**

Source: HIDI

Step 4: Identify other populations not mentioned by the Applicant and populations to be served where patient choice would not be a factor.

The Applicant fails to state if resources will be available to care for the pediatric population; thus, it is unclear if that population will be served in such a small community hospital with the proposed service lines to be treated. Furthermore, the Applicant does not account for patient discharges weighted less than 3.0 but resulting from an emergent issue such as a heart attack which may have resulted in a patient requiring care that will not be provided at GMC, such as cardiac catheterization. Those patients have been removed in the table below.

Greensboro Medical Center Service Area Discharges with MS-DRG <3.0, removing noted high acuity and other services psych/substance use beds, pediatric patients aged 0-17, cardiac catheterization, and other in appropriate emergent clinical conditions

Facility	2018	2019	2020	2021	2022
Atrium Health Wake Forest Baptist - Winston-Salem, NC	1,832	1,730	1,640	1,670	1,625
Atrium Health Wake Forest Baptist Davie Medical Center - Mocksville, NC	99	103	128	73	50
Atrium Health Wake Forest Baptist High Point Medical Center - High Point, NC	601	550	567	666	628
Atrium Health Wake Forest Baptist Lexington Medical Center - Lexington, NC	11	27	32	33	26
Atrium Health Wake Forest Baptist Wilkes Medical Center - North Wilkesboro, NC	4	3	7	3	1
Grand Total	**2,547**	**2,413**	**2,374**	**2,445**	**2,330**

Source: HIDI

Re-creating the Applicant's methodology results in baseline volumes of 2,445 for its proposed service area. However, the Applicant states, using its methodology, for CY2021 a total of 3,410 discharges from the proposed facility service area. The Applicant's methodology results in a baseline volume overstatement of approximately 15% (including pediatric patients) to 28% (excluding pediatric patients).

Furthermore, the stated distribution of medical versus surgical discharges is materially understated. The Applicant notes that the proposed facility discharges will represent 66.48% of discharges whereas surgical discharges will represent 33.52% of discharges. Yet, the following table illustrates discharge distribution for the same period is 73.5% medical and 26.5% surgical, based on the same set of patients from the HIDI data, demonstrating further evidence that the assumptions are unsupported.

The overreported baseline discharges the Applicant uses in its methodology, as well as the materially inaccurate ratio of medical and surgical discharges, results in a methodology which is not based in fact, fails to project utilization based upon reasonable and supported assumptions, and fails to demonstrate the financial feasibility of the proposed project. Furthermore, the Applicant bases its projections for Emergency Room discharges, surgical cases, observation days, and imaging and ancillary volumes on this overstated inpatient volume projection, rendering projections for those services unreasonable as well. Therefore, projections for the entire facility are unreasonable and unsupported.

Duplication of Services - On page 98 of the application, HPMC states that "The proposed project will not result in unnecessary duplication of existing or approved facilities in Guilford County. HPMC is not adding any acute care beds or operating rooms to the current Guilford County inventory, but as previously stated, will relocate 36 existing licensed acute care beds and two existing licensed ORs within Guilford County. All the services proposed for GMC, which include not only acute care inpatient services, but also emergency services, surgical services, imaging services, plus ancillary and support services, are

part of HPMC's application to develop a Greensboro hospital campus and are essential to the development and operation of its proposed campus facility as a full-service hospital". The description of the proposed project above is essentially the very ***definition*** of unnecessary duplication. By relocating a small number of beds and operating rooms, GMC will duplicate all the ancillary and support services that are required to operate those services, as well as duplicative emergency, surgical, and imaging services. The project proposes to shift patients from existing sites of care to a new site of care and will duplicate fixed services in order to do so.

The Applicant references other inpatient and hospital-based surgical capacity projects in North Carolina, particularly Mecklenburg County, as examples of projects that were needed to decompress their larger hospital campuses. However, HPMC is not operating at a level that requires decompression. In FY 2022, HPMC operated at just 48.8% of capacity for acute care beds and just 44% of capacity for operating rooms. Unlike other North Carolina markets, in Guilford County, there has not been a need determination for acute care beds since 2007 or a need for operating rooms since 2016. The need determination in 2016 was specific to single-specialty dental operating rooms, and no other operating room needs were determined for Guilford County after 2007, the earliest year the NC State Medical Facilities Plan is available online. Although the Applicant states that it wants to mitigate potential future capacity constraints, it is projecting that HPMC will only operate at 56.5% of capacity in FFY 2027, as demonstrated in Form D.1 in Section Q, which does not demonstrate capacity constraints.

A comparison of the GMC application with all other new hospital facilities approved since 2020 shows marked differences in those circumstances, compared with GMC's proposal, as shown in the Appendix. First, all other applicants proposing to shift existing beds to develop a new hospital had occupancy rates at the existing facility of nearly or more than 80 percent, significantly higher than the 50 percent occupancy at HPMC. The purported need of GMC is not the same as the need of those facilities to decompress existing campuses and/or improve geographic access to patients already being served. Second, GMC's service area is much broader than the previously approved facilities. GMC proposes to serve residents of 24 ZIP codes across four counties—all with one or more existing hospitals. In contrast, most other facilities propose to serve a handful of ZIP codes or a single county. For the two facilities that did have a larger service area than just a few ZIP codes, the accompanying assumptions regarding the shift of existing patients or expected market share gains were tempered for those ZIP codes/Regions that were farther away from the proposed hospital. For example, the Duke Green Level Hospital proposed service area included a Zone 3 area with 8 ZIP codes that were approximately 30 minutes away from the proposed hospital, but Duke projected no more than a 30 percent shift of patients to that location. In contrast, a considerable portion of the GMC proposed service area is outside the 20-minute drive time shown on page 139. For example, the Reidsville ZIP, 27320, and the Gibsonville ZIP, 27249, are located outside the 20-minute drive time; however, GMC projects that 80 percent of patients from these ZIPs will shift to the new hospital. Similarly, GMC projects that 60 percent of ZIP codes 27025 (Madison) and 27009 (Belews Creek) will shift to GMC. The table below provides a comparison of other new hospital projects across North Carolina.

New Hospital Facility	Project ID #	Acute Care Beds Proposed for New Facility	SMFP Acute Care Bed Need Determination	Relocate Existing Acute Care Beds	Existing Facility Occupancy Rate	Projected Patient Origin	Source:
Greensboro Medical Center	#G-12330-23	36	No	Yes (36)	~50%	24 ZIP Codes (Guilford, Forsyth, Rockingham, Stokes) with shifts from 40 to 90%	Application p 29, 37, 138, 165
WakeMed Garner Hospital	#J-12264-22	31	Yes (45)	Yes (22)	>80%	6 ZIP Codes (Wake and Johnston counties)	Agency Findings and Application, p 55
Atrium Health Harrisburg	#F-12255-22	24	No	Yes (24)	>80%	5 ZIP Codes (Cabarrus and Mecklenburg counties)	Agency Findings and Application, p 45
AdventHealth Asheville	#B-12233-22	67	Yes (67)	No	NA (No Buncombe County facility)	Buncombe County (78%)	Agency Findings
Atrium Health Steele Creek	#F-12084-21	26	No	Yes (26)	>80%	5 ZIP Codes (Mecklenburg and York SC counties)	Agency Findings
UNC Hospitals RTP	#J-12065-21	40	Yes (40)	No	NA (No Durham County facility)	Durham County ZIP Codes	Agency Findings and Application, p 2 Form C
Duke Green Level Hospital	#J-12029-21	40	No	Yes (40)	>77%	Zone 1 (<10 min) w 5 ZIP Codes and shifts of no more than 70%; Zone 2 (10-20 min) w 13 ZIP codes and no more than 70% shift; Zone 3 (30 min) with 8 ZIP codes and no more than 30% Shift	Agency Findings
Atrium Health Lake Norman*	#F-12010-20	30	No	Yes (30)	>80%	7 ZIP Codes (Mecklenburg and Iredell counties)	Agency Findings and Application, p 3 Form D
Novant Health Steele Creek Medical Center	#F-11993-20	32	Yes (158)	No	>70%	Region C w 3 geographic ZIP Codes (projected market share < 18%); Region M w 4 geographic ZIP codes (projected market share <5%); Region O w 6 geographic ZIP codes (projected market share <3%)	Agency Findings and Application, p 155-158
New Hanover Regional Medical Center Scotts Hill*	#O-11947-20	66	Yes (36)	Yes (30)	>80%	PSA w 7 ZIP codes; SSA w 8 ZIP codes	Agency Findings and Application, p 45

*Approved via settlement

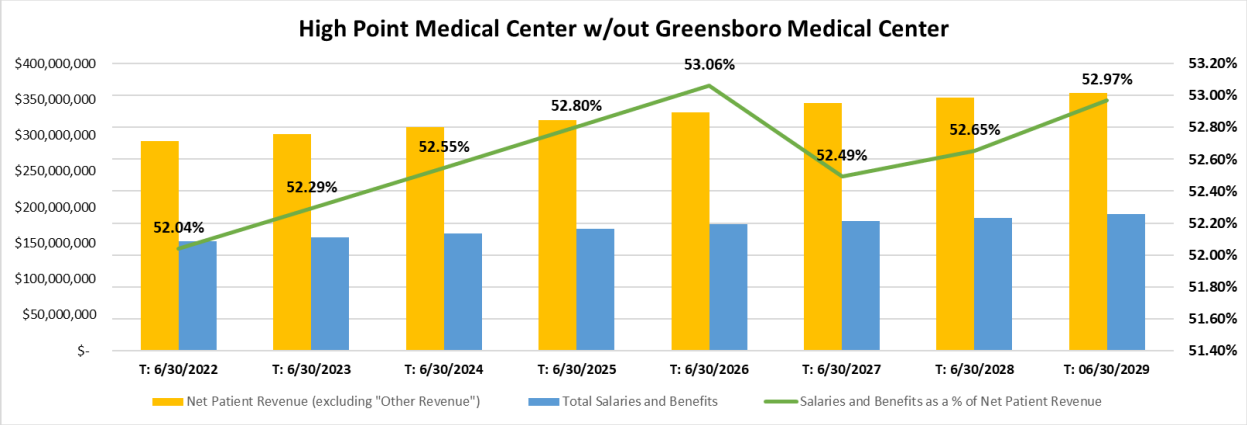
In contrast to these other, recently approved new hospital campus projects, the proposed project is not needed to decompress an existing facility that is already underutilized, its proposed service area is unreasonable as discussed previously and it will not improve geographic access for the proposed patient population as discussed previously. As a result, the proposed project is an unnecessary duplication of existing services and, as such, the Application is non-conforming with Criteria 3, 4, 5, and 18a.

4. <u>Financial projections for the proposed project fail to demonstrate financial feasibility based upon reasonable assumptions of costs and charges, rendering the Application non-conforming with Criteria 5, 7, and 18a.</u>

Financial Feasibility – The proposed project is projected to experience significant financial losses throughout the first three project years, indicating questionable feasibility, as demonstrated on page 179 of the application. Moreover, the revenues and expenses include materially significant errors in salaries and benefits, an estimated understatement of $7M to $9M, which underscores additional reasons the financial feasibility is not based upon reasonable costs and charges.

The applicant provides historical financial information for HPMC as well as projected financial information for the proposed project. Using the data provided in Section Q of the application and illustrated in the following chart, salaries and benefits account for approximately 50-53% of net patient revenue at HPMC, without the inclusion of the proposed project.

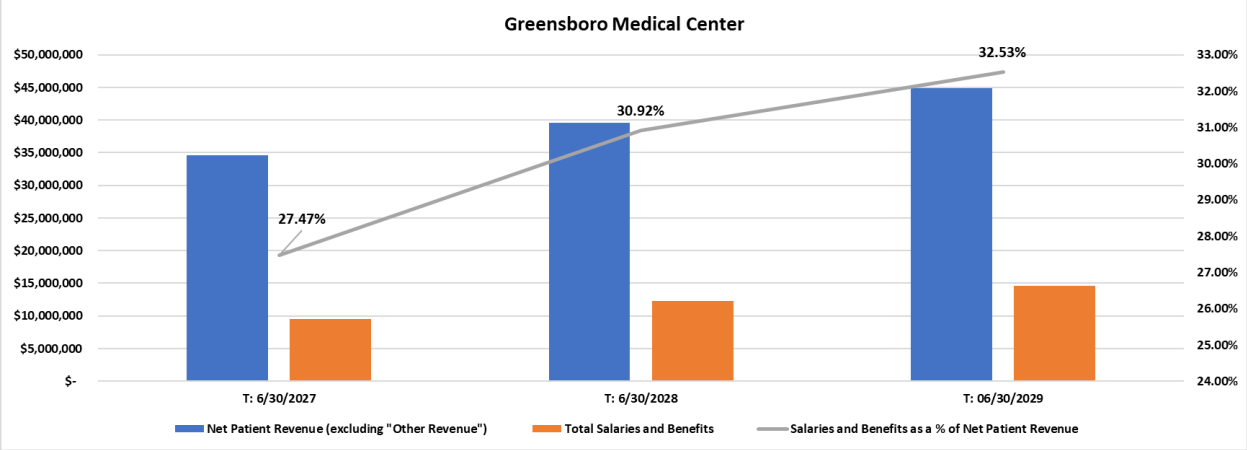
High Point Medical Center Salaries and Benefits as a Percent of Net Patient Revenue without Greensboro Medical Center



Source: The Application

Yet using the same data provided by the applicant and illustrated in the chart below, the proposed project shows salaries and benefits as approximately 27.5 - 32.5% of net patient revenue.

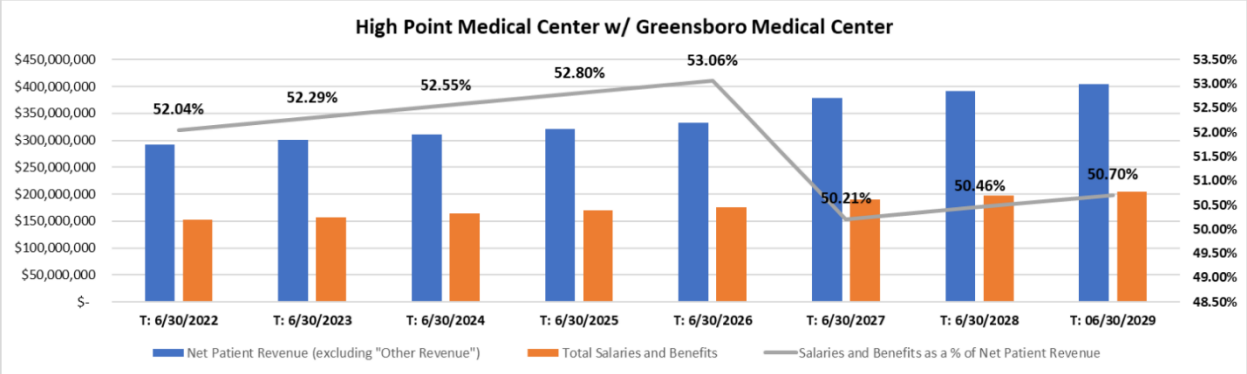
Greensboro Medical Center Salaries and Benefits



Source: The Application

Furthermore, combining the financial projections for HPMC and the proposed project, the Applicant projects that salaries and benefits as a percent of net patient revenue will decrease from 53% to 50%.

High Point Medical Center Salaries and Benefits as a Percent of Net Patient Revenue with Greensboro Medical Center



Source: The Application

This assumption for GMC is significantly different than the industry's benchmark of 58.9% in 2021 across all U.S. not-for-profit health systems, as reported by S&P Global and the 55% benchmark reported by Becker's Healthcare from Fitch Ratings "2021 Median Ratios: Not-for-Profit Hospitals and Healthcare Systems" report[2]. Based on the Applicant's data, it is unreasonable to assume that the proposed project will operate with salaries and benefits as a percentage of net patient revenue of 32.5% in PY3, for the reasons detailed below.

Staffing Compensation

In March 2021 Wake Forest Baptist, of which the Applicant is a related entity, publicly announced it was increasing its minimum wage to $15 dollars an hour. Subsequently in February 2022 Atrium Health Wake Forest Baptist, of which the Applicant is a related entity, announced it raised its minimum wage to $16 per hour. The Applicant also states in Form F.2 Revenue and Net Income Assumptions that it applied a wage inflation increase of 3% throughout Form H Staffing. The Applicant's staffing compensation model assumes that in 2027, PY1, that Certified Nursing Assistants/Nurse Aides, Cooks, Dietary Aides, Central Sterile Supply, and Clerical staff will have an average age of $18.00 per hour and Housekeeping and Laundry & Linen staff will have an average wage of $16.00. Applying the Applicant's stated 3% wage inflation methodology and assuming that all team members in these categories are paid at the stated minimum wage, these rates are understated by $102,618, $137,576, and $144,487 for the first three years of the proposed projects operation. The Applicant also appears to exclude any shift differential, overtime, or other compensation these team members may be eligible to receive, based on its difference from industry benchmarks, indicating that these salaries are additionally understated by the Applicant.

In addition, Nursing wages used by the Applicant as the basis to calculate compensation are unreasonably low. Using the FTEs outlined by the Applicant it is estimated that nursing compensation is understated by a minimum of $553,000 for base wages and $286,000 for shift differential in PY3 before accounting for incremental benefit expense, overtime expense, or holiday pay. As noted in the table below, the U.S. Census Bureau reported in its 2021 American Community Survey that the average wage for a nurse employed in North Carolina was $71,200. Applying the Applicants 3% wage inflation

[2] https://www.beckershospitalreview.com/finance/19-key-financial-benchmarks-for-health-systems.html

methodology yields an annual rate per year of approximately $85,000 in PY1 and $90,000 in PY3. This assumption is reasonable, though perhaps additionally understated, based on the data obtained from the U.S. Census Bureau's American Community Survey, the Applicant's stated wage inflation methodology, and the Applicant's stated implementation of a nurse wage increase of approximately 17.5% in 2021. The formula to calculate base wage understatement in PY3 is (US Census Bureau 2021 American Community Survey average wage increased by 3.0% annually – GMC Projected average wage in PY3 of $77,234) * 42.7 FTEs = $553, 414.

U.S. Census Bureau Acute Care Registered Nurse Compensation

Acute Care Registered Nurses	applies the given 3% annual inflation assumption from the application						2027		2028		2029	
	Historical Benchmarks						1st Full Year		2nd Full Year		3rd Full Year	
	2021	2022	2023	2024	2025	2026	F	G = E*F	F	G = E*F	F	G = E*F
Assumptions provided in the application (RN)	n/a	n/a	n/a	n/a	n/a	n/a	$ 72,800	$1,492,400	$ 74,984	$2,332,002	$ 77,234	$3,297,871
U.S. Census Bureau 2021 American Community Survey	$71,200	$73,336	$ 75,536	$ 77,802	$ 80,136	$ 82,540	$ 85,017	$1,742,839	$ 87,567	$2,723,334	$ 90,194	$3,851,285
Using the average RN (not level specific) to benchmark hourly rates, compensation for the number of RNs included in the application is understated by:								$ (250,439)		$ (391,332)		$ (553,414)

*note this excludes the impact of Overtime, Holiday Pay, or Shift Differential

Source: U.S. Census Bureau 2021 American Community Survey/The Applicant/Cone Health Financial Planning and Analysis

These errors result in the combined nursing compensation understatement of a minimum 25%. Additionally, the Applicant fails to account for multiple levels of nursing staff (such as a charge nurse), which is common for health systems, and the offer for additional compensation incentives to efficiently serve its patient population. This would further increase the average hourly rate. The Applicant instead assumes that 100% of nursing roles are staffed with intermediate RNs, the most common role for staffing acute care services, and that no higher level or specialty care would be needed or provided at the proposed project.

In addition, the Applicant fails to account for any costs associated with referral bonuses, sign-on bonuses, and other incentives to support staffing. In fact, on its career page the Applicant advertises bonus pay and employment incentives that are inconsistent with the compensation provided in the application. Furthermore, in Section H, the Applicant states it is "operating in a growing area of North Carolina and does not anticipate overwhelming challenges for recruiting staff for the project," and state it will leverage the following financial incentives as part of its recruitment efforts "1. Employee referral bonuses, 2. Staff recruitment/referral bonuses, 3. Signing bonuses, 4. Relocation assistance." In the same section, the Applicant states that "AHWFB has deployed multiple strategies to attract and recruit talent, particularly during the workforce shortage that permeates the industry, both locally and nationally" as well as "while these expanded efforts will not shield AHWFB and HPMC from industry-wide challenges, they are serving to reduce the impact of national shortages." Thus, the Applicant acknowledges the need to implement these strategies, many of which are financial, yet fails to include the cost of these strategies in its compensation or expense projections. This error in accounting for the financial incentives to attract employees as well as the materially significant understatement of wages illustrates inaccurate nature of the financial projections submitted for this project resulting in the inability to demonstrate financial feasibility in the immediate or long term. In addition, it indicates the Applicant is unwilling to account for the necessary financial cost of recruitment for the proposed project illustrating concerns around safe staffing levels to ensure patient safety and quality of care.

Staffing Hours

The Applicant provides projected operating costs upon project completion in form F.3b based on the proposed staffing levels included in Form H Staffing. These staffing levels are unreasonable to provide safe and quality care for the proposed services in the application and materially alters the projected operating costs. In addition, it appears that for all positions the Applicant fails to account for pay differential, overtime rates, and assumes that each position will be hired at its stated minimum. A review of proprietary industry compensation benchmarks indicates the wages are understated, as demonstrated above. The industry benchmarks are only inclusive of base wages. Below are issues with specific assumptions made on Form H Staffing. The failure to account for overall pay and the position discrepancies below results in materially inaccurate proposed capital costs for this proposed project.

Emergency Department

The Applicant provides in Form H Staffing that it intends to hire 1.0 FTE Emergency Room Physician. Based on form F.3b Projected Operating Costs and Form H Staffing, the Applicant intends to staff the Emergency Department with one provider, yet anticipates 20,000 visits Emergency Department visits by PY3 or roughly 55 visits per day. Additionally, 1.0 FTE cannot cover a 24/7 service. The failure to include the necessary Emergency Department providers to provide the services proposed also renders the assumptions of operating costs unreasonable and documents a lack of ability to provide safe high-quality care to its proposed patients.

Nursing

The Applicant provides in Form H Staffing that it projects 42.7FTEs Registered Nurses for the facility in PY3. The applicant believes this to be safe and adequate staffing for the proposed project. However, based on standard nursing ratios and projected volumes, this staffing level is only adequate under bare minimum operations. With a standard ratio of 1:5 for med/surg and observation patients and 1:2 for ICU, and using the volumes provided by the Applicant, 26.2 RNs are needed to support inpatient care and observation patients, 4 RNs are needed to support the operating rooms and procedure rooms based on the assumption that the operating and procedure rooms are utilized only Monday thru Friday 8-5 and not 24/7/365 as cited elsewhere in the application, and 9 RNs for the Emergency Department if it is assumed that Emergency Department patients are released within 3 hours and the nurse to patient ratio is 1 RN for every 3 patients. The projected nursing ratios and volumes are unreasonable because they have not accounted for 24/7/365 coverage of the ORs, and they do not provide for the flexibility required for an unpredictable hospital environment.

On page 93 the Applicant states "…HPMC will require all clinical and administrative staff to meet performance standards and competency levels. In particular, HPMC requires nursing staff to complete needs assessments during orientation and on-going annually. Nurse managers identify learning needs and schedule in-services to address them." Also, on page 125 the Applicant states, "…GMC will require all clinical staff members to maintain current professional licensure and certifications, and to annually provide evidence of continued competency, either through direct observation, testing, or audit chart. Licensed staff members will be required to attend mandatory training and certification programs related to patient safety, infection control, and emergency preparedness. Further, GMC will require all clinical staff members to attend continuing education programs, and to receive annual in-services on HIPAA, Medicare Compliance and OSHA." Yet the Applicant fails to account for the time spent out of direct

patient care to comply with these requirements in its proposed staffing. Failure to account for non-direct patient care time materially alters the proposed staffing and subsequent proposed operating capital salaries or indicates lack of prioritization of staff training and development by the Applicant.

In addition to failing to account for the appropriate FTEs and associated costs with compensating those FTEs, the Applicant fails to account for its competitive recruitment incentives, referenced on page 92 of the application, in form F.3b.

Anesthesiologist and Certified Nurse Anesthetist

The Applicant provides in Form H Staffing that it will hire 1 Anesthesiologist and 1 Certified Nurse Anesthetist. The Applicant also states that it will relocate 2 existing operating rooms to and develop 2 new procedure rooms in the proposed facility. Thus, the Applicant asserts that 1 Anesthesiologist and 1 Certified Nurse Anesthetist will be sufficient to staff up to 4 rooms requiring anesthesia services, but does not account for sufficient staffing required for surgical call coverage. This is an unreasonable assumption which puts patient safety in danger and results in an underrepresentation of salaries and benefits for these positions.

As has been demonstrated previously, the proposed project is duplicative, and will result in a need for increased fixed staff across Guilford County to support that duplication. During a time when healthcare resources, especially staffing, are stretched thin and positions are difficult to recruit, the Applicant has not demonstrated that it will be able to provide necessary staffing for the proposed project. In fact, HPMC currently has 26 vacant RN positions, 6 vacant surgical technician positions, and 32 vacant clinical support positions posted for hiring. Recruitment for scarce staff for duplicative roles might lead to increased staffing costs that will negatively impact prices and financial feasibility. In fact, on page 91 of the proposed project, HPMC states that referral bonuses, signing bonuses, and relocation assistance are methods of recruitment used to attract new employees. However, it is not clear that these costs have been accounted for in the financial statements. Competition for staff by artificially inflating costs will also negatively impact smaller physician practices and healthcare providers.

In an October 2022 publication produced by the University of North Carolina School of Nursing, “North Carolina’s Nursing Shortage: A Looming Crisis”, North Carolina will face a future shortage of 12,500 registered nurses. They state, “The largest shortfalls for registered nurses are projected to occur in hospitals where demand could exceed supply by nearly 10,000 positions by 2033."[3] Adequate nursing staff is a requirement for a functioning hospital and additional, unnecessary hospital capacity will only exacerbate the existing shortage.

<u>Competitive Pay</u>

On page 92, in reference to its staff recruitment, the Applicant states “While these expanded efforts will not shield AHWFB and HPMC from industry-wide workforce challenges, they are serving to reduce the impact of national shortages. HPMC does not anticipate undue difficulty in filling staff positions for this hospital campus development project”. Yet in an industry-wide workforce shortage, the Applicant proposes to create additional fixed assets resulting in not only a duplication of services, but a duplication of positions. The Applicant fails to acknowledge the creation additional duplicative positions

[3] https://nursing.unc.edu/news/north-carolinas-nursing-shortage-a-looming-crisis

will put an upward pressure on wages pricing out not only its competitors, but itself. This will further exacerbate the industry-wide workforce shortage instead of helping to alleviate it.

Central Office Overhead

The Applicant states in Form F.3b Projected Operating Costs upon Project Completion that its independent contractors (consultants) expense will be $123,544 in PY3. On page 188, the Applicant defines Independent Contractors/Consultants as "…includes medical professional fees include physicians' services for hospitalists, pediatric hospitalists, anesthesia services, ER coverage, and medical director compensation, plus other professional fees include corporate services including corporate responsibility, accounting, and management services. Other professional fees include estimated legal and marketing expenses…". Although Form H Staffing includes 1.0 ER Physician, 0.5 Hospitalists, 1.0 anesthesiologist, and 1.0 Certified Registered Nurse Anesthetists with a total salary value in PY3 of $1,160,710, it is not possible to provide coverage for a full-service hospital with just that level of staffing in those positions. Therefore, there has either been a significant understatement of independent contractors, or the projected FTEs are not sufficient.

In addition, the Applicant defines central office overhead as "…includes liability insurance, property and equipment insurance, equipment and property rents, and leases, property and sales/tares, travel reimbursement, training, equipment and grounds maintenance…" In Form 3.b the Applicant states that central office overhead for Greensboro Medical Center will be $367,175 in PY3. This accounts for roughly 0.82% of the net revenue projected in PY3. However, it states that the central office overhead for HPMC will be $15,603,386 or approximately 3.75% of net revenues in PY3. The Applicant fails to explain its lack of financial parity between locations while it uses parity for other data points such as payor mix.

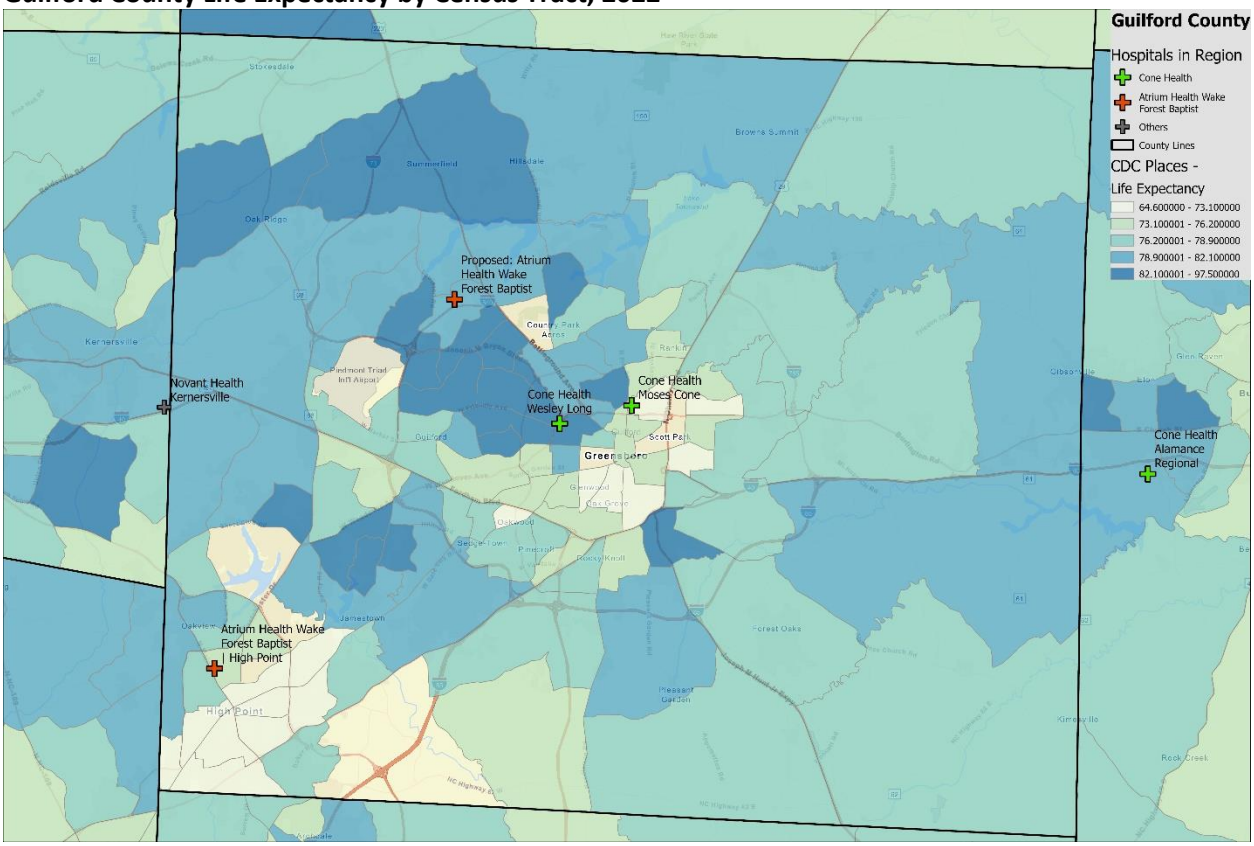
As has already been documented in these comments, HPMC does not adequately document the projected utilization or need for the proposed service, resulting in unsupported and unrealistic financial projections for the proposed project. Additionally, HPMC does not provide reasonable projections to demonstrate that patients will have lower costs and charges for the proposed project as compared to the existing acute care facilities. Finally, HPMC does not document its long-term financial feasibility following the relocation of a portion of its acute care services. Therefore, the application is non-conforming with Criteria 5, 7, and 18a.

5. **The proposed project fails to demonstrate the contribution of the proposed project in meeting the health-related needs of members of medically underserved groups, rendering the Application non-conforming with Criteria 13 and 18a.**

The Applicant provides a number of statistics related to health status and health outcomes as justification for its proposed hospital. However, the statistics provided are for Guilford County as a whole, which includes areas already served by the existing HPMC. Egregiously, the applicant cites health status statistics, but does not acknowledge that the area of Greensboro where this facility will be located is among the most affluent areas of Guilford County and will not increase access for underserved patient populations. The chart on page 58 of the application states that 50% of health

outcomes is defined by length of life, also known as life expectancy. The map below shows average life expectancy by census tract in Guilford County. As demonstrated in this map, the census tracts surrounding the proposed GMC location has an average life expectancy of approximately 78 - 82 years, whereas census tracts around the existing HPMC have significantly lower average life expectancy of approximately 64 - 76 years.

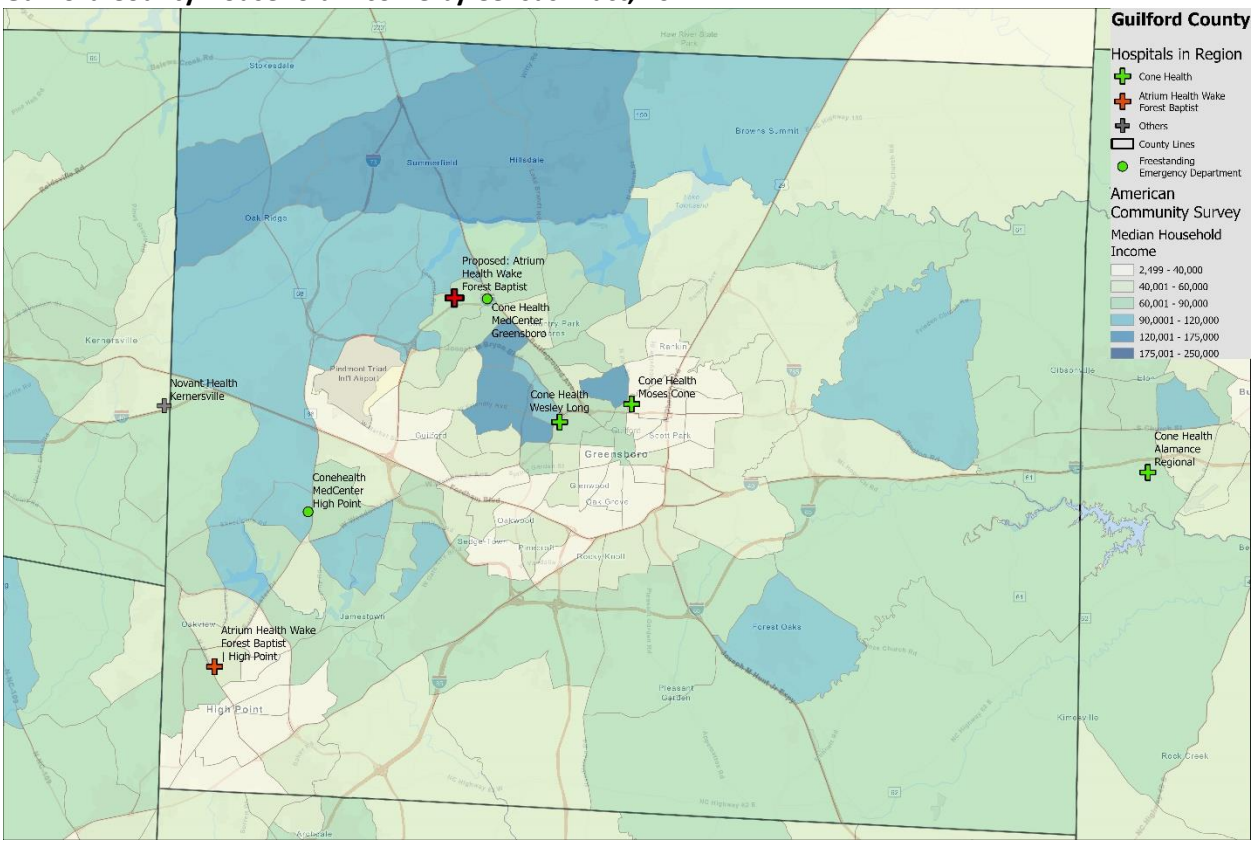
Guilford County Life Expectancy by Census Tract, 2022



Source: CDC

The map below also demonstrates that average household income, a key health factor that can be easily measured, for the census tracts around the proposed GMC is much higher than for other areas of Guilford County, including census tracts served by the existing HPMC.

Guilford County Household Income by Census Tract, 2022

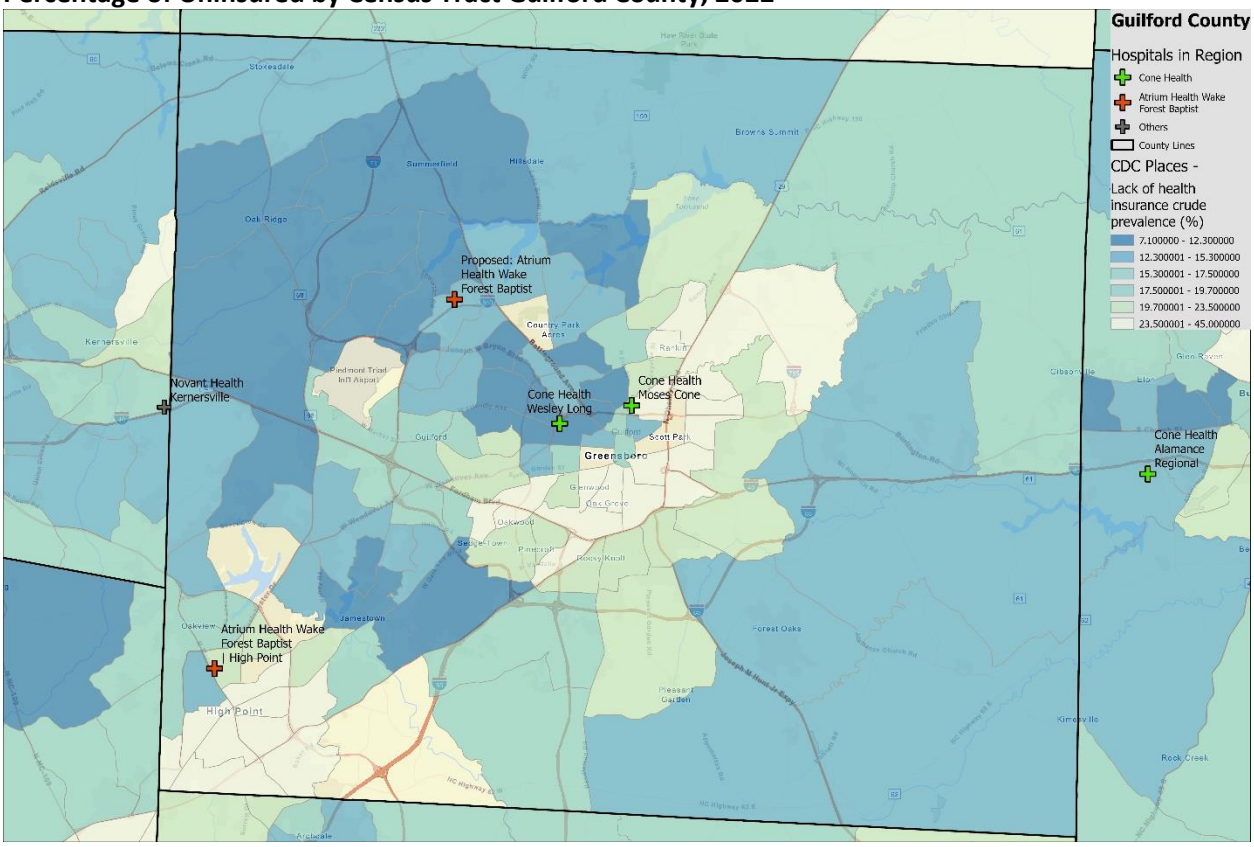


Source: American Community Survey, US Census

It is disingenuous to say that the proposed hospital will increase access to residents of Greensboro in order to improve health outcomes when it is being placed in a location most accessible to those with transportation who already have much better health factors and outcomes.

The Applicant notes that priority health issues from the Guilford County Community Health Needs Assessment are Healthy Eating / Active Living, Social Determinants of Health, Behavioral Health, and Maternal and Child Health. In particular, the Applicant notes that differences in social determinants of health result in large racial and geographic disparities in health outcomes. However, the proposed project does nothing to increase access in areas of the county with racial, geographic, and socioeconomic disparities. According to the map provided below, the largest numbers of uninsured residents are located in the opposite corner of Greensboro from the proposed hospital and in High Point, near HPMC.

Percentage of Uninsured by Census Tract Guilford County, 2022



Source: CDC

Additionally, the Applicant does not adequately acknowledge the negative effect of the proposed project on the ability of low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care. The Applicant provides its Non-Discrimination Policy, but does not provide evidence for how it will assure that medically underserved groups will actually be able to access the proposed facility, since it is not accessible from public transportation.

On page 68, HPMC provides an estimated percentage of total patients to be served at GMC as low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries and Medicaid recipients. On page 73, HPMC similarly states "As set forth in the financial statements included in Section Q, a significant proportion of GMC services will be provided to Medicare, Medicaid, and uninsured patients. Please see Section L for details regarding access to services for medically underserved groups, including the projected acute care bed and surgical services payor mixes." The Applicant then states on page 116 in Section L that "HPMC projected the payor mixes for the GMC hospital campus based on the historical payor mixes during FY 2022 at HPMC. HPMC and GMC are both located in Guilford County, and HPMC provides acute care services that are comparable to the scope of the proposed GMC hospital campus. Therefore, the payor mix at the HPMC main campus is a reasonable proxy for projecting the payor mix for each service component at the GMC hospital campus." HPMC also bases its estimates for low-income persons and persons with disabilities on overall Guilford

County demographics. However, HPMC acknowledges that the projected ***patient origin*** for GMC is sufficiently different from HPMC, which forms the basis of their proposed need for the project. And, HPMC also projects that less than 50% of patients to be served at GMC will come from Guilford County. Therefore, it cannot be assumed that the GMC payor mix will automatically reflect the same level of Medicare, Medicaid, and underserved populations as HPMC and as Guilford County as a whole. Moreover, the patients proposed to be served by GMC are existing patients at other Atrium Health Wake Forest Baptist facilities in the Triad; thus, the actual payor mix of the proposed patient population was readily available to the Applicant.

In fact, using HIDI inpatient discharge data for FFY 2022, the payor mix for the proposed service area for Greensboro Medical Center can be compared to the projected payor mix in the application on page 114 of the application in the table below:

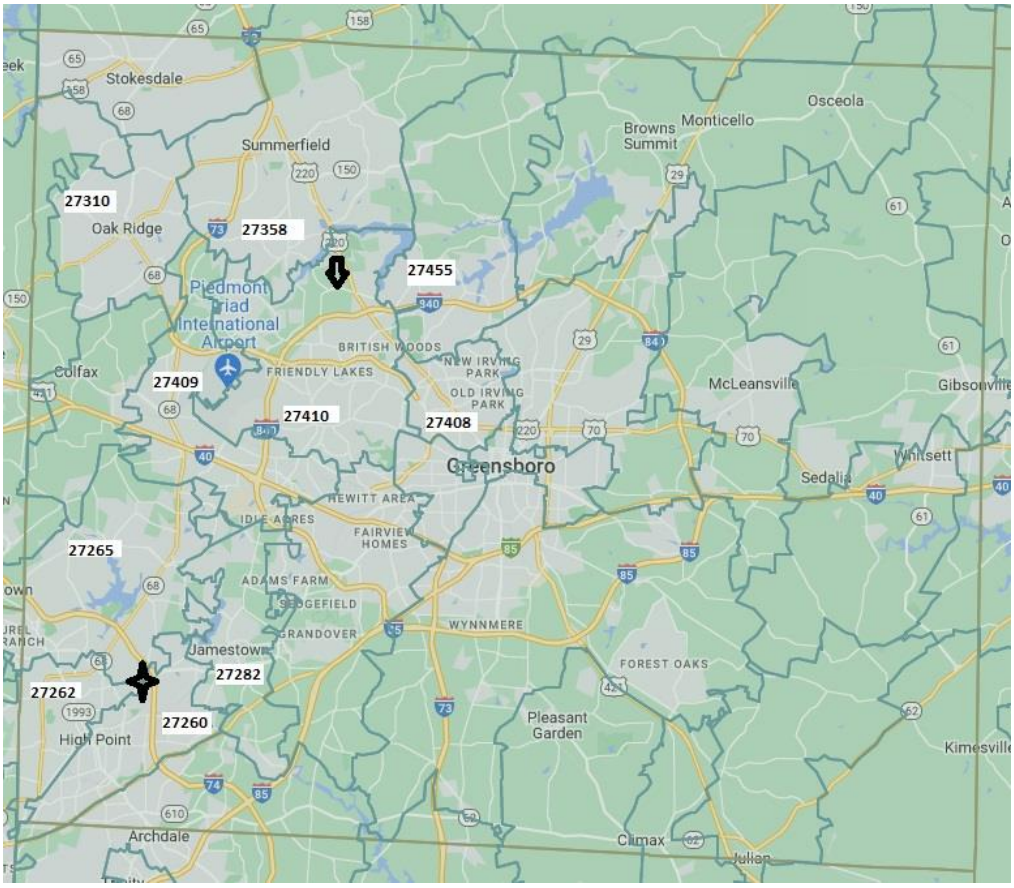
Payor Source Comparison, Application vs. Market Actual, Inpatient Services

Payor Source	**Application***	**FY 2022 Proposed Service Area Actual****
Self- Pay	7.0%	5.8%
Charity Care	-	-
Medicare	52.9%	40.6%
Medicaid	18.6%	21.4%
Insurance	19.0%	27.4%
Workers Compensation	0.1%	0.2%
TRICARE	0.3%	0.8%
Other (Government)	2.9%	3.8%
Total	**100.0%**	**100.0%**

**Application, p. 114*
***HIDI/NCHA*

As demonstrated above, GMC overstates the projected percentage of self-pay and Medicare patients to be served by the new facility based on actual patient historical data, again, demonstrating that projections are unreasonable, unsupported, and do not acknowledge how the proposed project will limit access to the underserved.

The Application also does not acknowledge that with the proposed project's shift of acute care beds and operating rooms away from High Point to Greensboro, it also removes access in an area with a lower median income and shifts it to northwest Greensboro, an area with a far higher median income than High Point. ZIP codes 27260, 27262, 27263, 27265, and 27282 are adjacent to the current HPMC location. The proposed project will be located in 27410 and adjacent to ZIP codes 27408, 27310, 27358 and 27455. ZIP code 27409 is adjacent to both locations and, therefore, excluded. Please see the map below showing adjacent ZIP codes. Median household income by ZIP code for the identified ZIP codes immediately adjacent to the current and proposed locations are shown in the table below.



↓ denotes the proposed project location

✦ denotes HPMC's current location

Median Income, select ZIPS

ZIP	City	Median Income	Total Population	Racial Minority Pop (%)
HPMC Adjacent ZIP Codes				
27260	High Point	$30,749	25,082	20,017 (79.8%)
27262	High Point	$47,398	25,144	11,476 (45.6%)
27263	High Point	$50,474	21,747	7,593 (34.9%)
27265	High Point	$66,793	53,743	23,558 (43.8%)
27282	Jamestown	$83,072	15,691	6,494 (41.4%)
Subtotal			141,407	69,138 (48.9%)
Proposed GMC Adjacent ZIP Codes				
27410	Greensboro	$76,276	57,091	19,112 (33.5%)
27408	Greensboro	$79,299	18,069	3,749 (20.8%)
27455	Greensboro	$87,364	30,558	10,094 (33.0%)
27358	Summerfield	$105,925	15,412	2,954 (19.2%)
27310	Oak Ridge	$115,136	8,658	1,814 (21.0%)
Subtotal			129,788	37,723 (29.1%)

Source: ESRI

As demonstrated, median household income in the ZIP codes adjacent to the proposed location are significantly higher than median incomes adjacent to the current location. Removing access in the High Point community could impede the ability of these underserved populations to access care. Therefore, the proposed project would reduce access to populations most in need of care and the application is non-conforming with Criteria 13 and 18a.

6. The Applicant fails to demonstrate how the proposed project will enhance competition, rendering the application non-conforming with Criterion 18a.

HPMC states that Greensboro is the only city among the top 5 most populous cities in North Carolina without at least two hospital systems and implies that competition is needed to benefit local residents. However, the Applicant fails to acknowledge that the State Planning Acute Care Bed Service Area is Guilford County, and there are two competing health systems in Guilford County, of which the Applicant is one.

HPMC also fails to adequately demonstrate that development of the proposed project would enhance competition to the benefit of local residents. Competition is enhanced when it provides lower cost, higher quality services. HPMC provides inpatient and emergency services at a higher cost to patients, as demonstrated in the tables below.

Comparison of 2022/2023 Health System Charges based on Hospitals' Websites for Price Transparency

Gross Charges		The Moses H. Cone Memorial Hospital	High Point Medical Center	Wake Forest Baptist Medical Center	Forsyth Medical Center - Novant	Randolph Health
Gross Charges						
99281	ED Visit - straightfoward	$ 160.00	$ 518.00	$ 546.00	$ 258.00	$ 585.00
99282	ED Visit - expanded low complexity	$ 755.00	$ 868.00	$ 914.00	$ 424.00	$ 930.00
99283	ED Visit - expanded moderate	$ 1,085.00	$ 1,603.00	$ 1,690.00	$ 936.00	$ 1,617.00
99284	ED Visit - detailed hist & exam moderate	$ 1,665.00	$ 2,863.00	$ 3,019.00	$ 1,950.00	$ 2,469.00
99285	ED Visit - comprehensive & complex	$ 2,670.00	$ 4,065.00	$ 4,287.00	$ 2,602.00	$ 3,459.00
70450	CT Brain without contrast material	$ 1,670.00	$ 1,964.00	$ 1,941.00	$ 1,371.00	$ 3,267.00
71046	Radiologic Examination Chest; 2 views	$ 406.00	$ 354.00	$ 369.00	$ 394.00	$ 786.00
77067	Screening mammography	$ 366.00	$ 390.00	$ 310.00	$ 366.00	$ 852.00
	Date posted on website:	*(Effective 11/1/22)*	CY2022	CY2022	12/31/2022	FY22

	Min Negotiated DRG Base Rate	**Max Negotiated DRG Base Rate**
Cone Health	$9,932	$45,256
High Point Medical Center	$14,013	$49,579
Difference	$4,081	$4,323
% Difference	**41%**	**10%**

Cone Health's minimum negotiated DRG base rate is, on average, 41% below that of High Point Regional and maximum negotiated DRG base rates is, on average, 10% below that of High Point Regional; therefore, patients pay 10% - 41% less for their acute care needs at Cone Health than they do at High Point Regional.

Rather than providing enhanced hospital competition, the proposed project represents an unnecessary duplication of services that will artificially increase costs to the healthcare industry, and a significant capital cost of $256M. The proposed location of GMC is just two miles from MedCenter Greensboro, which provides several ancillary services such as imaging, pharmacy, laboratory, and physical therapy, which will result in the concentration of these services into a small area and unnecessary duplication of services. In addition, this will result in the duplication of fixed staff at a time when staffing is a challenge to all healthcare organizations.

The proposed project does not enhance competition and, therefore, is non-conforming with Criterion 18a.

Summary

In summary, HPMC has failed to demonstrate conformity to all statutory and regulatory review criteria. Denial of this application would be a perfect example of using CON law to effectively prevent excessive expenditure on healthcare, as the Applicant fails to adequately demonstrate need in the service area for development of a new acute care hospital. This failure to demonstrate that the project is needed is further supported by the surplus of acute care beds and operating rooms for AHWFB hospitals in the 2023 SMFP. Relocation of the assets from HPMC fails to ameliorate this surplus and only creates excess expenditures on healthcare services, while also failing to provide any benefit to patients and residents of Guilford County. As indicated in Section F of the application, not only is the Applicant proposing to create duplication of excess healthcare services, but they are also doing so at an extreme financial loss and, therefore, cost to the public. For these reasons, the application should be denied.