**UNC Health West Medical Center, Inc.**
**CON to Develop New Hospital**
**Project ID # B-012708-25**
**Opposition on Behalf of MH Mission Hospital, LLLP**

## Introduction

UNC Health West Medical Center, Inc. ("UNC West") has filed an application Project ID# B-012708-25 for a 129-bed new acute care hospital in Buncombe County in response to the need determination for 129 beds in the Buncombe, Graham, Madison, Yancey service area. In addition, three other applicants have filed applications for all or part of these beds including:

> Mission Hospital – Add 129 Beds to its Existing Hospital - B-012720-25
> AdventHealth Asheville – Change of Scope to add 129 Beds - B-012716-25
> Novant Health Asheville Medical Center – Develop a New 34-bed Acute Care Hospital - B-012709-25

Background of UNC in the Service Area

UNC operates UNC Health Margaret Pardee Hospital ("Pardee") in Henderson County just south of Buncombe County and already serves patients from Buncombe County and other service area counties from Pardee. The proposed new UNC West hospital is just 16-driving miles from the existing Pardee Hospital, approximately eight miles from Mission Hospital, and 12 miles from AdventHealth Hendersonville. UNC West will not enhance geographic access to care with multiple other existing hospitals in close proximity. All three of these existing hospitals are located within the defined service area for UNC West.

UNC Pardee's current acute care beds are very underutilized, which is not acknowledged by UNC West. In 2024, Pardee reported operating just 142 of their 201 licensed beds, presumably due to lack of demand. For the 142 operational beds, Pardee operated at an ADC of 78.0 or 54.9% occupancy. Any shift of market share from Pardee to UNC West will further erode the utilization of Pardee, which appears to be struggling. UNC West does not acknowledge any of these facts in its application. It is unreasonable to suggest that with essentially the same medical staff, UNC can support two hospitals within 16 miles of each other, particularly when the existing hospital is poorly utilized. Any market share projections that would suggest otherwise are very overstated. Even if UNC West meets its utilization projections of 68.6% percent in Year 3, there would presumably be an average of 40 unused beds each day at UNC West to add to the underutilized beds at Pardee. With Mission Hospital currently operating at over 90% capacity, it is not reasonable to approve a small new hospital projecting an average of 40 unused beds on any given day.

## Criterion (1)

Qualified Applicant and the Requirement to Provide Surgical Services

- On page 25, UNC West claims it will provide medical and surgical services daily to a wide variety of MDCs through its acute care beds and emergency department. No quantitative analysis by MDC is provided in Section B or Q of the CON application to demonstrate that patients in all of the listed MDCs will be served.

UNC West should not be found conforming with Criterion (1).

**Criterion (3)**
Need for a New Hospital

UNC West proposes to develop a full-service hospital with advanced services such as cardiac cath, Level III NICU, and psychiatric beds. UNC West does not provide any evidence for each of these service lines to demonstrate that existing providers do not have adequate capacity. There is no analysis provided for the existing providers of each service, to analyze volume, growth trends, or any other factor to support the need for these service lines. UNC also fails to acknowledge that Pardee is already meeting the needs of the service area for cardiac cath and psychiatric beds and could easily add Level III NICU beds much more quickly and cost effectively to the existing hospital.

Likewise, UNC West does not provide any background on the need for a second new hospital in Buncombe County. UNC West barely acknowledges that AdventHealth Asheville is approved and already provides a choice of hospitals in Buncombe County. UNC West also ignores Mission Hospital's high level of utilization and its well documented capacity constraints, jumping to the conclusion that the high bed need determination supports the need for a new hospital.

UNC West does not acknowledge that Pardee is already meeting the needs of the proposed service area, particularly as UNC West includes Henderson County in its service area. The poor occupancy rate of Pardee is similarly ignored. If volume is shifted from Pardee to UNC West, which no doubt will happen, Pardee will operate with significant excess bed capacity and poor utilization performance.

UNC West's Application contains errors, omissions, and unreasonable assumptions as outlined below:

- Page 24 does not identify any cardiac catheterization equipment, although cardiac cath is an identified service in the application. The answer on page 24 appears to be wrong.
- On page 42, UNC West discusses its plans to provide Level III NICU. It is notable that UNC West does not plan to start with a Level II NICU program and grow this into a Level III program. There is no qualitative discussion of why Level III NICU services are needed. UNC West also does not explain why Level II or Level III NICU services cannot be developed at Pardee where there are no NICU services to support the 14 OB beds at this program. If Level II or Level III NICU services are needed, these could be implemented more quickly at Pardee instead of waiting until UNC West's implementation in 2032.
- Page 43 identifies the development of 20 inpatient psych beds on Level 7 of the hospital. These beds are not part of acute care methodology and could be added at any time without a CON. UNC West does not explain why they could not develop psych beds at Pardee without a CON to meet the same need. While Pardee operates 21 psychiatric beds, Pardee also has over 50 licensed but not set up and staffed beds that could be converted to additional psychiatric beds at any time and certainly before 2032. No analysis is contained in UNC West's application of the existing psychiatric beds in the area, their utilization trends, occupancy rates, and their ability to meet the needs of the service area.
    - AdventHealth Hendersonville, located within UNC West's service area, operates just 34 of its 41 licensed psychiatric beds just 16 miles from the proposed UNC West facility. In 2024, these beds operated at just 55% occupancy of its set up and staffed beds. This does not support the need for more psychiatric beds in the area.
    - Mission Hospital operates the Sweeten Creek psychiatric hospital with 120 beds. In 2024, Sweeten Creek operated at 69.3% occupancy indicating bed capacity is available.

- On page 42, UNC West discusses 12 OB beds and two C-section rooms that will be part of the proposed project. Pardee already offers 14 OB beds just 16 miles away and in the same service area. According to its LRA, Pardee's OB unit provided just 852 patient days of care in 2024, resulting in an average daily census (ADC) of 2.33 or 16.6% occupancy. It is unreasonable to assume that UNC's physician base could support 12 more beds at UNC West if they cannot support 14 beds at Pardee. If the suggestion is that the complement of NICU services to support the OB program would bolster the utilization, then there is no reason that NICU beds cannot be added at Pardee and likely much sooner than 2032.
- Page 47 presents the patient origin projections for UNC West.
    - UNC West service area does not include Graham or Yancey Counties, which are part of the defined service area, and thus, presumably will not meet their need.
    - It should be noted that the service area for UNC West includes Henderson County, where Pardee is located. UNC West projects that 15.8% of its patients will come from Henderson County, which will likely be taken from Pardee. First, it does not make sense that these patients will leave Henderson County when Pardee is closer. Pardee only operates 142 of their 201 licensed beds presumably due to lack of demand. The 142 operational beds operated at an ADC of 78.0 or 54.9% occupancy in 2024. A loss of 400 or more patients to UNC West will reduce this further, leaving even more underutilized bed capacity at Pardee.
    - In Project Year 3, 3.1% of patients are projected to come from Transylvania County. Again, it is questionable why Transylvania County residents would drive further to UNC West when Pardee is closer. If it is for services not offered at Pardee, that is not specified in the application. There is also no reason that NICU services and more psychiatric beds could not be offered at Pardee and offered sooner than 2032 if there is truly a need for these services for Transylvania or any other service area county.
    - Pardee projects that 1.2% of patients will originate from Madison County. Patients from Madison County would have to drive past Mission Hospital and past the approved AdventHealth Asheville to receive care at UNC West. It does not make sense that Madison County patients would choose to travel past existing hospitals for care. If they are traveling for care at Pardee, then UNC West would be closer. However, this means less Madison County patients would use Pardee, further eroding its utilization and leaving more vacant beds.
- On pages 52-54, UNC West discusses in detail the presence of only one hospital in Buncombe County. Throughout this discussion, UNC West ignores that AdventHealth Asheville has been approved to construct a second hospital in Buncombe County, resulting in two health systems approved to operate a hospital in Buncombe County. UNC fails to explain why AdventHealth Asheville will not meet the need for another hospital in Buncombe County.
    - As part of its discussion on Page 52, UNC West compares the Buncombe multi-county service area to other parts of the state. UNC West ignores the Wilmington market, which is also served by only one existing hospital and one health system. Again, UNC West ignores AdventHealth Hendersonville as a second hospital in Buncombe County.
- Page 55 suggests that the SMFP need determinations indicate a need for a new health system and again ignores approval of AdventHealth Asheville. UNC West also ignores that the entire need determination is based on the utilization of Mission Hospital, therefore indicating a need for more beds at Mission based on Mission's actual utilization. UNC West fails to acknowledge the extremely high rate of utilization of Mission's beds and that more beds are needed to meet this

demand. UNC West's claimed need is simply theoretical in nature and ignores the approval of AdventHealth Asheville and the high utilization of Mission Hospital's existing beds.

- On pages 56-58, UNC West points out that Buncombe County acute care bed need is one of the largest in both the 2025 and 2026 SMFPs but again ignores that this is driven by Mission Hospital's highly utilization, which is solely driving the need determinations in both plans.
- On page 58, UNC West finally acknowledges approval of AdventHealth Asheville but continues to claim the large need determination supports the need for another new hospital without any support.
- On pages 67-68, UNC West discusses that the drop in employment following Hurricane Helene has not recovered and concludes that there are more uninsured patients that need to be served. This drop in employment does not support the need for a new hospital. This short-term economic trend will no doubt be irrelevant by the time UNC West opens in 2032. In the meantime, Mission Hospital will continue to be the largest provider of charity care and Medicaid in the region.
- On page 70-71, UNC West shows increases in C-Section rates, suggesting this is the basis of need for another OB program. UNC West entirely ignores that area birth rates are flat or declining, and there is not a need for more OB services. Multiple small OB programs in western North Carolina have closed due to lack of demand. Another small OB program is not needed when birth rates and OB trends are flat to declining.
    - UNC West also ignores that their own affiliated OB program at Pardee has a census of less than three patients. UNC West also ignores that AdventHealth is approved for a new OB program. There is simply no need for another new OB program when demand is not there to support the existing programs.
    - AdventHealth Hendersonville is similarly poorly utilized with a census of approximately three out of 12 beds. With two small existing programs underperforming at Pardee and AdventHealth Hendersonville, an approved OB program at AdventHealth Asheville and with flat utilization of Mission Hospital's OB beds, there is no need for another small OB program.
- On page 74, well into the application, Pardee is discussed in detail for the first time. UNC West cites a variety of statistics about Pardee but omits that it operates only a portion of its licensed beds, and that its staffed beds operated at only 55% occupancy in 2024. No discussion is included to reflect how UNC West will impact Pardee by shifting patients as part of UNC West's market share capture.
- On page 78, UNC discusses Pardee's medical and clinical staff. However, there is no discussion of the fact that the existing medical staff can only support 142 of 201 licensed beds. It is unreasonable to believe the same medical staff can support another 129-bed hospital. There is also no discussion of a medical staff independent of Pardee that will support the new hospital. It is simply unreasonable to speculate that there are sufficient medical staff and referrals to support both hospitals within the same service area.

<u>Projected Utilization</u>

- Page 156 demonstrates that Pardee is within the secondary service area of the proposed hospital. This map also shows that there are five existing hospitals and one approved hospital in the service area, negating UNC West's discussion of the need for another new hospital and more competition in the service area.
- On page 159, UNC West uses a compound annual growth rate (CAGR) of 4.5% from FY 2025 through FY 2028 to project its service area utilization. This is significantly faster growth than the actual growth rate experienced by the appropriate DRG group calculated specifically by UNC West on page 158. The claimed basis for this 4.5% growth is the County Growth Rate Multiplier

("CGRM") in the service area, which is in the 2025 SMFP. However, the CGRM is based on all DRGs including complex DRGs that UNC West will not serve. Therefore, the use of this 4.5% CAGR is a mismatch of data and overstates the actual growth rate for the appropriate DRGs. UNC West's methodology is inflated by this growth rate and overstates the demand for the services it will offer.

  - It should be noted that these growth rates are applied to a combined medical/surgical/OB group of discharges without regard to the actual growth rate for each component. This is particularly troublesome for OB discharges that have not been growing anywhere near that CAGR. Mission Hospital's OB demand has been flat, and multiple small OB programs in Western North Carolina have closed. It is unreasonable to apply a 4.5% and 2.3% CAGR to this pool of patients embedded in UNC West's "appropriate" DRGs. The OB projections should have been undertaken separately.

- Page 160 claims to represent the PSA and SSA market shares for each hospital in the area but does not provide any information as to how the PSA and SSA for each hospital was defined. This is not presented in the context of UNC West's service area but in the context of the supposed PSA and SSA for each hospital. Is the PSA and SSA a large multicounty service area as proposed by UNC West or a small, several ZIP code service area as would be expected for small hospitals such as Haywood Regional or Transylvania Regional? Without knowing the definition used for these service areas, the analysis is meaningless. Assuming a 55.7% market share for a few ZIP codes for Haywood County, for example, is not equivalent to a 55.7% market share for the five-county service area proposed for UNC West.
  - This entire basis for an average market share is misleading and inappropriate. A more appropriate methodology would look at the actual market share of each of these hospitals in the context of UNC West's entire service area and would set UNC's market share in line with the market share of these other small hospitals.
- On page 161, UNC's market share projections are purely speculative and are not based on any historical data. The existing medical staff of Pardee cannot fill the existing hospital; thus, it is highly questionable how it would gain sufficient market demand to fill two hospitals. The reality of the market demand for UNC's services does not align with the market share assumptions used in its projections.
- On page 164, UNC splits its acute care volume into medicine, surgery, and obstetrics services after the projection is done. To do this, UNC assesses the total volume of appropriate patients in the service area regardless of where they go for care.

  *Surgical Utilization*
  - UNC West splits medical and surgical volume by the percentage experienced in the service area. UNC West ignores the fact that these percentages are highly skewed by the volume of inpatient cases performed at Mission Hospital as a tertiary and quaternary medical center and will not be an adequate proxy for UNC West. As a result, UNC West assumes that approximately 27% of inpatient cases are surgical cases. This is too high for a small community hospital that does not even have ORs.

  *OB Utilization*
  - As noted above, by burying the OB days into the overall projection, these days of care benefited from the same growth rate as the total acute care days (4.5% from 2025-2028 and 2.3% from 2029-2034). This misrepresents the actual trend in OB utilization in the region. No analysis was done separately of the components of demand (medicine, surgery, OB). Thus, growth in demand for OB services is highly overstated compared to the experience of the region and existing providers such as Mission.

- If OB demand were in fact growing so rapidly, Pardee would have an OB census greater than 2.8 in its existing 14 bed unit. UNC's OB projections are highly overstated and unreasonable.
- Page 166 shows just 581 OB patient days at Pardee in 2024, yet with the same medical staff and an overlapping service area UNC West projects 1,188 patient days (page 167), almost double that of Pardee.
- If UNC West used the percentage of days for OB at Pardee, then the days would represent 3% of total patient days, approximately half of the split used by UNC West. This split, shown in the table below, is more reflective of the patterns of practice of UNC's medical staff that will support UNC West.

**Pardee Percentage of Days by Care Type**

| | **2024 Patient Days** | **% of Days** |
|---|---|---|
| OB Patient Days | 852 | 3.0% |
| Medical Surgical Days | 27,639 | 97.0% |
| **Total Patient Days** | **28,491** | **100.0%** |

*Source: 2024 Pardee LRA*

- On page 165, UNC West projects 2,035 OB discharges, or 6.3% of its total projected discharges (2,035 OB discharges / 32,319 total discharges = 6.3%). If UNC West instead utilized the Pardee percentage of OB days (3.0%), UNC West's projections would be reduced by approximately half, and it would not need 12 beds.

- On page 168, UNC West projects surgical cases for the proposed hospital although the hospital will not have any ORs. UNC looks to example hospitals for ratios that all have full surgical departments with four to eight full ORs. It is inappropriate to use these hospitals as surrogates for a hospital that will only have procedure rooms. There are surgical cases that are not appropriate to be performed in procedure rooms, and this is not considered.
  - These five hospitals with full surgical services served as the basis for the DRGs included in UNC West's projected inpatient volume. See page 157-158. The inclusion of surgical DRGs for these hospitals with full surgical departments overstates the surgical volume for inpatients.
- On page 169, UNC West looks at the ratio of inpatient to outpatient cases for all surgical cases performed in Buncombe County. This ratio is irrelevant to a small new hospital as it is primarily based on Mission Hospital's OR volume, which is a large tertiary medical center and does not generate an appropriate ratio for a small community hospital.
- On page 171, UNC West projects minor procedures independent of surgery cases although they will all be done in the same procedure rooms. There is no clear definition of the surgeries to be performed in the UNC West procedure rooms and what cases are major versus minor. Surgery cases were not discounted in any way (page 158) to account for cases that would not be appropriate to be served in a procedure room versus an OR.
- On page 179, UNC West's projection of 19,488 annual ED visits in PY 3 does not justify 28 ED bays. This projection is equivalent to 696 visits per room or less than two visits per room per day. At this rate, the proposed ED will be overbuilt. In comparison, Pardee provided 30,224 visits in 20 ED bays in 2024 according to its LRA. This equates to a much more reasonable 1,511 visits per room per year.

UNC West should be found non-conforming with Criterion 3.

**Criterion (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.**

- On page 102, UNC West did not discuss any other site location, such as in western Buncombe County, which might increase geographic access more than 16 miles from existing Pardee.
    - UNC notes access to Graham and Yancey Counties, which are not even included in their service area and are not presented in its patient origin table.
- On page 103, UNC West discusses developing less than 129 beds but does not provide any reason other than that UNC is particularly qualified as a state academic health system to develop 129 beds. No other size or rationale was provided.
- UNC did not discuss the alternative development of new services at Pardee such as level III NICU or additional psychiatric beds. Pardee has 59 empty licensed beds that could be used for other services or to strengthen the service offerings at the existing hospital, which is more cost effective and could potentially be brought online sooner than 2032.

UNC West should be found non-conforming with Criterion 4.

**Criterion (5) Financial Feasibility**

- UNC West's project will not be feasible based on overstated utilization resulting from unsupported market share assumptions. There are numerous flaws in UNC West's methodology, which relies on ratios and assumptions that are not appropriate for a small community hospital that lacks a licensed operating room.

UNC West should be found non-conforming with Criterion 5.

**Criterion (6) Unnecessary Duplication**

- On page 113, UNC West fails to acknowledge AdventHealth Asheville's approved hospital within the service area. The question specifically states existing and approved providers.
- In its discussion of duplication, UNC West only focuses on the small area of southern Buncombe County as an area without an existing hospital despite the fact that it offers a multi-county service area. UNC West ignores duplication of existing services at Mission and approved hospital services at AdventHealth Asheville as well as the other community hospitals within its service area including Transylvania Regional, Haywood Regional, and AdventHealth Hendersonville.
- Most importantly, UNC West ignores the duplication of poorly utilized facilities at Pardee just 16 miles away and within the service area. UNC West defined its service area to include Henderson County and therefore includes Pardee within its own primary service area.

UNC West should be found non-conforming with Criterion (6)

**Criterion (8) Ancillary and Support Services and Coordination**

- On page 118, UNC West ignores the fact that all of these ancillary and support services already exist at Pardee and that developing a new hospital will duplicate all of these services. There is no meaningful discussion of shared services with Pardee that may reduce costs and reduce duplication of services.

UNC West should be found non-conforming with Criterion (8).

**Criterion (18a)**

- UNC West will not enhance competition. Its primary competition will be with Pardee, which will result in splitting its current patient base between the two hospitals, resulting in poor utilization for both facilities. It is not cost effective to operate two low occupancy facilities with high overhead cost. UNC proposes services that are not needed such as OB and will remain poorly utilized as they are at Pardee. Operating two instead of one poorly utilized hospital does not increase competition. UNC does not provide any meaningful justification for a second new hospital in Buncombe County and barely acknowledges the approval of AdventHealth Asheville. Adding a second unnecessary community hospital in Buncombe County does not increase competition. It instead dilutes resources that are needed to serve Mission's existing base of patients.

UNC West should be found non-conforming with Criterion (18a).

**Conclusion**

There are numerous flaws and illogical or unsupported assumptions throughout UNC West's application that should result in a finding of non-conforming with Criteria (1), (3), (4), (5), (6), (8), and (18a). UNC West's application must be denied.

**Comparative Review of 2025 Buncombe County**
**Acute Care Bed CON Applications**

Pursuant to G.S. 131E-183(a)(1) and the 2025 State Medical Facilities Plan ("SMFP"), no more than 129 acute care beds may be approved for the Buncombe/Graham/Madison/Yancey County service area in this review. Because the applications in the review collectively propose to develop 421 additional acute care beds in Buncombe County, all applicants cannot be approved for the total number of beds proposed. Therefore, after considering all review criteria, Mission conducted a comparative analysis of each proposal to demonstrate why Mission is the comparatively superior applicant and should be approved.

Below is a brief description of each project included in the Acute Care Bed Comparative Analysis.

- Project ID B-012716-25/**AdventHealth Asheville, Inc. ("Advent") -** Develop 129 additional acute care beds at AdventHealth Asheville pursuant to the 2025 SMFP Need Determination. [1]
- Project ID B-012709-25/**Novant Health Asheville Medical Center, LLC ("Novant") -** Develop a new hospital with 34 acute care beds pursuant to the 2025 SMFP Need Determination.
- Project ID B-012708-25/ **UNC Health West Medical Center ("UNC") -** Develop a new hospital with 129 acute care beds pursuant to the 2025 SMFP Need Determination.
- Project ID B-012720-25/**MH Mission Hospital, LLLP ("Mission") -** Develop 129 additional acute care beds at Mission's existing hospital in Asheville pursuant to the 2025 SMFP Need Determination.

The table below summarizes information from each application.

| **Facility Name** | **AdventHealth Asheville** | **Novant Health Asheville** | **UNC Health West Medical Center** | **Mission Hospital** |
|---|---|---|---|---|
| Hospital Level of Care | Community Hospital Pursuing Limited Tertiary Services | Community Hospital | Community Hospital | Tertiary Care Hospital |
| Number of Existing/Approved Beds^ | 93 | 0 | 0 | 682 |
| Beds Proposed to be Added | 129 | 34 | 129 | 129 |
| Total Number of Proposed Beds* | 222 | 34 | 129 | 811 |
| Third Full Fiscal Year | CY 2032 | CY 2032 | FY 2034 | CY 2033 |
| Projected Discharges - Year 3 | 12,212 | 1,565 | 8,262 | 52,222 |
| Projected Acute Care Days - Year 3 | 60,251 | 9,192 | 32,319 | 265,903 |
| % Occupancy - Year 3 | 74.4% | 74.1% | 68.6% | 89.8% |

*Source: Applications*

*^ does not include NICU beds*

**Proposed Beds = Number of existing beds + Number of Beds Requested in the application*

*** Assuming all beds requested by each applicant are approved*

[1] AdventHealth Asheville's 67-bed proposal (Project ID# B-012233-22), filed as a change of scope to the originally approved project, remains under appeal. Its 26-bed proposal (Project ID# B-012526-24), also a change of scope, is pending an Administrative Law Judge decision.

Because of the significant differences in types of facilities, number of total acute care beds, number of projected acute care days and discharges, levels of patients acuity which can be served, total revenues and expenses, and differences in presentation of pro forma financial statements, some comparative factors may be of less value and result in less than definitive outcomes than if all applications were being reviewed for like facilities of similar size proposing similar services and using the same reporting formats.

**Conformity with Review Criteria**

Among the competing applicants, only the **Mission** application conforms with all applicable statutory and regulatory review criteria. **Advent, Novant**, and **UNC** do not conform to several statutory and regulatory review criteria. Please see detailed discussion under each criterion above. Each application contains flaws in its utilization projections and unreasonable assumptions.

Therefore, **Mission** is the most effective alternative with regard to conformity with review criteria, and neither **Advent**, **Novant**, nor **UNC** are approvable.

**Scope of Services**

Generally, the application proposing to provide the broadest scope of services is the most effective alternative regarding this comparative factor.

**Mission** is an existing tertiary care provider that offers a broad range of medical and surgical services. **Mission** provides a comprehensive range of inpatient and outpatient services, including cardiology and cardiovascular surgery, general and urologic surgery, pediatrics, orthopedics, oncology, women's services, neurology, and trauma. Among the specialized programs and referral services offered at **Mission** are a state-designated high-risk pregnancy center, interventional cardiology (including cardiac catheterization, electrophysiology, and stents), cardiac surgery (including transcatheter aortic valve replacement, left ventricular assist device placement, structural heart, and bypass surgeries), inpatient dialysis, advanced imaging, and many others.

**Advent** proposed adding beds to its approved but unimplemented community hospital and pursuing some tertiary-level services in an undefined timeframe. **Novant** and **UNC** each proposed developing a new small community hospital. However, as a smaller community hospital, none will provide a scope of services comparable to **Mission**, a Level II Adult trauma center, and a tertiary care provider. **Advent**, **Novant**, and **UNC** will not offer the range of services offered by **Mission**.

Therefore, **Mission** projects the broadest range of services, including those that drove the SMFP need for acute care beds in the service area, making it the most effective alternative with respect to this comparative factor. **Advent**, **Novant**, and **UNC** are the least effective alternatives.

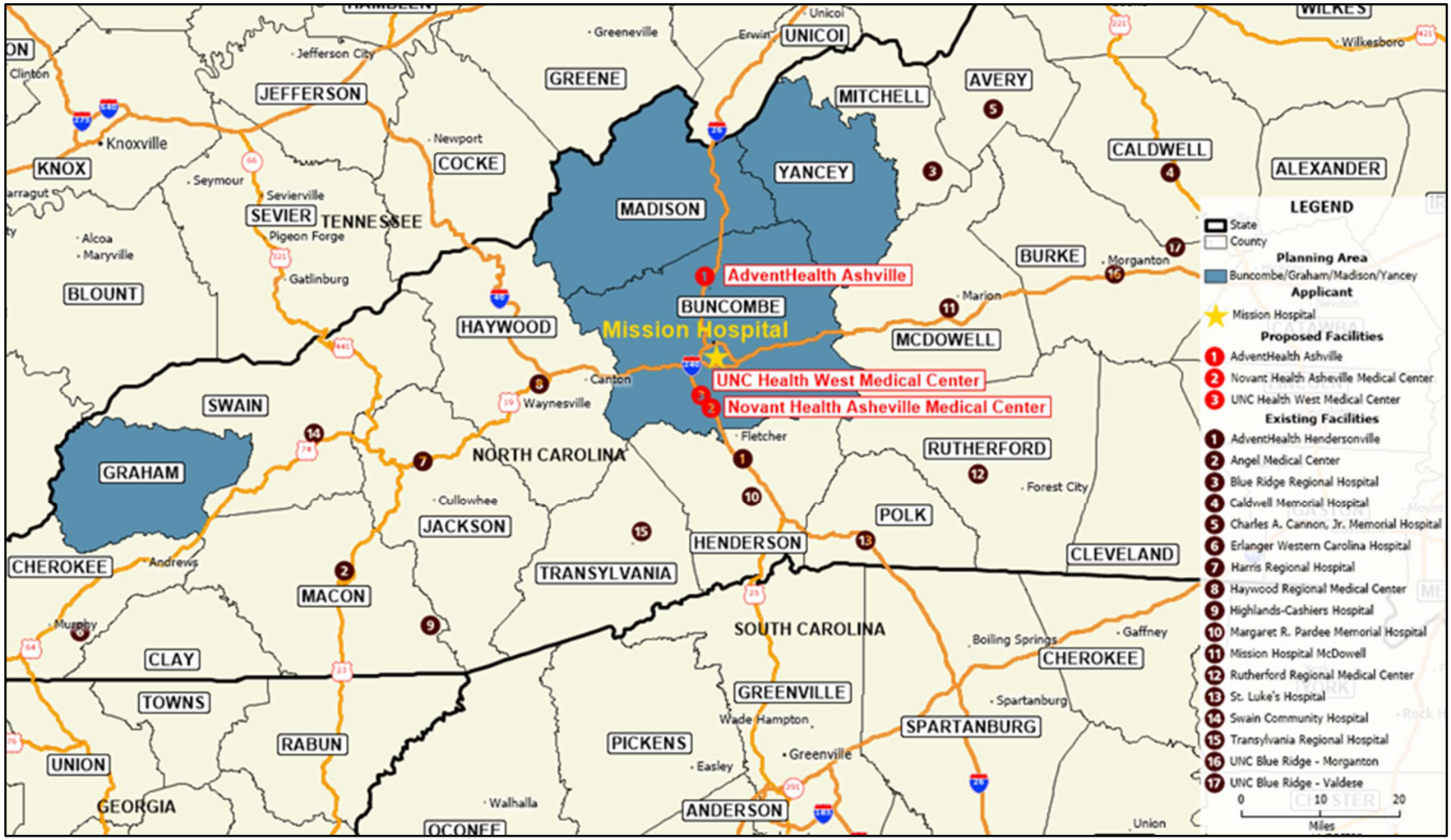
**Geographic Access**

There are 775 existing and approved acute care beds (excluding NICU) in Buncombe County and none in Graham, Madison, and Yancey Counties, all part of the acute care planning area that generated the need. As shown in the map below, Buncombe County has one existing hospital, Mission Hospital, and one currently approved hospital, AdventHealth Asheville, that is not yet operational. **Mission** proposes adding 129 acute care beds to its existing facility, **Advent** plans to add 129 beds to its approved and undeveloped hospital, **Novant** proposes to develop a 34-bed new community hospital, and **UNC** proposed to develop a

129-bed community hospital. The following maps show the locations of **Mission** and the proposed locations of **Advent**, **Novant**, and **UNC** as well as the other hospitals in the highlighted four-county, SMFP defined planning area and the surrounding areas of the western North Carolina region.

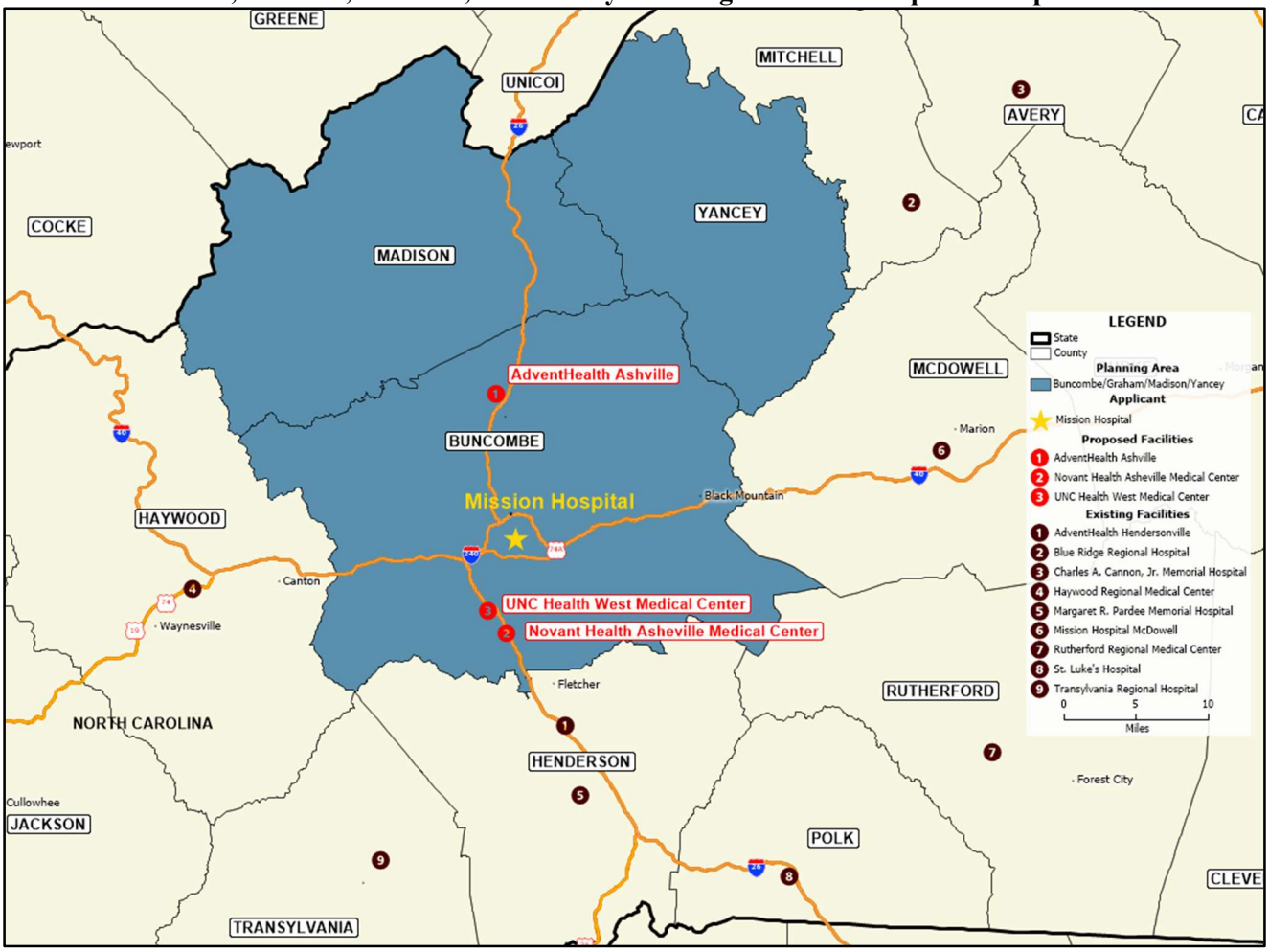
All four applicants propose to develop the acute beds in Buncombe County, within 20 miles of each other. **Novant's** proposed beds will not increase geographic access to community hospital services. It proposes to construct its hospital less than 15 miles from two existing acute care providers in Henderson County and less than ten miles from Mission Hospital. Similarly, **UNC** proposed beds will also not increase geographic access to community hospital service, as it also located less than 15 miles from Advent approved hospital and Mission Hospital. **Advent's** newly proposed location in Weaverville is closer to Madison and Yancey Counties than the other applicants, and from this standpoint, will increase geographic access to acute care beds. However, Advent will also take market share from other small community hospitals that currently serve Madison and Yancey Counties including Blue Ridge Regional Hospital and Duke LifePoint Haywood. Notably, **Advent** will also take market share from its affiliate AdventHealth Hendersonville, although this is not considered in its projections. **Mission** is centrally located for all parts of Buncombe County and is the most accessible for residents of Graham County, who must travel from far western North Carolina and would practically have to pass Mission before traveling north to Advent or south to Novant. **Mission** is the only applicant that will utilize the proposed 129-bed addition for the high acuity acute care services that generated the need for these beds in the SMFP, though Advent attempts to argue otherwise. As a result, only **Mission** increases geographic access to acute care beds for their needed purpose. As a result, **Mission** is the most effective applicant with regard to geographic access. **Advent** is less effective and duplicative to other similar nearby providers, diluting the market, and **Novant** and **UNC** are not effective.

**Buncombe, Graham, Madison, and Yancey Planning Area with Existing and Approved Hospitals**




*Source: Maptitude*

**Buncombe, Graham, Madison, and Yancey Planning Area with Proposed Hospitals**




*Source: Maptitude*

**Historical Utilization**

The table below shows acute care bed utilization for existing facilities based on acute care beds and days reported on the 2025 LRAs, excluding NICU days and beds. Generally, the applicant with the higher historical utilization is the more effective alternative with regards to this comparative analysis factor.

**Historical Acute Care Bed Utilization Comparison***

| Hospital/Applicant in Market | Beds | Patient Days | ADC | % Occupancy |
|---|---|---|---|---|
| Mission | 682 | 227,011 | 622 | **91.2%** |
| Advent Hendersonville | 61 | 14,991 | 41 | 67.3% |
| Novant | NA | NA | NA | NA |
| Margreet R. Pardee Memorial Hospital | 201 | 28,491 | 78 | 38.8% |

*Source: 2025 LRAs*

**Acute care beds not including NICU services*

As shown in the table above, **Mission's** historical utilization exceeds that of **Advent's** existing facility, AdventHealth Hendersonville, and **UNC's** existing facility, Margreet R. Pardee Memorial Hospital – both located in Henderson County, bordering Buncombe County. **Novant** does not have an existing facility in or near the Buncombe County service area and thus has no historical utilization.

**Projected Utilization and Bed Capacity**

The following table shows each facility's projected acute care bed utilization, excluding days and beds for NICU services. Generally, the applicant with the higher projected utilization is the more effective alternative regarding this factor in terms of the effectiveness of use of the proposed beds.

**Projected Acute Care Bed Utilization Comparison - 3rd Full Fiscal Year***

| Hospital/Applicant in Market | Beds | Admissions /Discharges | Patient Days | ADC | % Occupancy |
|---|---|---|---|---|---|
| Mission | 811 | 52,221 | 265,902 | 728.50 | **89.8%** |
| Advent** | 222 | 12,212 | 60,251 | 165.07 | 74.4% |
| Novant | 34 | 1,565 | 9,192 | 25.18 | 74.1% |
| UNC | 129 | 8,262 | 32,319 | 88.55 | 68.6% |

*Source: Applications Form C.1b*

**Acute care beds not including NICU services*

***Advent's projections are not reasonable as they include surgical inpatients with surgical cases that cannot be appropriately performed without an OR.*

As shown in the table above, **Mission's** projected utilization is higher than **Advent**, **Novant**, and **UNC**. As discussed above, there are also numerous flaws in the utilization assumptions and methodologies within the **Advent**, **Novant**, and **UNC** proposals, which result in inaccurate and overstated projected utilization. Therefore, with regard to projected utilization, **Mission** is the most effective alternative; **Advent**, **Novant**, and **UNC** are the least effective alternatives.

**Service to the Planning Area Counties (Access by Service Area Residents)**

On page 33, the 2025 SMFP defines the service area for acute care beds as *"... the single or multicounty grouping shown in Figure 5.1."* Figure 5.1, on page 38, shows the multicounty grouping of Buncombe/Graham/Madison/Yancey Counties as the acute bed service area. Thus, the service area for this review is Buncombe/Graham/Madison/Yancey Counties. Facilities may also serve residents of counties not included in the service area. Generally, the application with projections indicating the most accessibility to Buncombe/Graham/Madison/Yancey County residents is the most effective alternative with regards to this comparative factor.

**Inpatient Admissions of Patients from the Acute Care Planning Area**

| | Advent* | | Novant | | UNC | | Mission | |
|---|---|---|---|---|---|---|---|---|
| | 3rd Full FY | | 3rd Full FY | | 3rd Full FY | | 3rd Full FY | |
| Buncombe | 8,613 | 78.4% | 990 | 93.0% | 5,106 | 98.0% | 26,037 | 81.0% |
| Madison | 1,072 | 9.8% | 48 | 4.5% | 102 | 2.0% | 2,974 | 9.3% |
| Yancey | 1,165 | 10.6% | 19 | 1.8% | NA | NA | 2,763 | 8.6% |
| Graham | 140 | 1.3% | 8 | 0.8% | NA | NA | 360 | 1.1% |
| **Total Planning Area** | **10,990** | **100.0%** | **1,065** | **100.0%** | **5,208** | **100.0%** | **32,134** | **100.0%** |

*Sources: Applications, Section C, Projected Patient Origin*

**Advent's projections are flawed by the inclusion of surgical cases that cannot be performed without and OR.*

The table above shows the patient origin for admissions from the SMFP acute care planning area for each proposed facility. It is important that the Agency look beyond a simple percentage when evaluating this factor and evaluate the specific function these beds will serve and whether the proposed use of the beds meets a need for the SMFP acute care service area. As a regional tertiary provider and trauma center, Mission serves patients from all parts of western North Carolina and beyond. As a result, its percentages are not comparable to a community hospital with a smaller service area. A simplistic analysis ignores this significant role and can in fact penalize the applicant serving a significant percentage of patients from outside the planning area due to its high acuity service offerings.

The table shows that **Mission** projects to serve the most patients in the SMFP planning area counties, including the most patients from Madison, Yancey, and Graham Counties. **Advent**, **Novant**, and **UNC** project to serve a fraction of the total service area patients projected by **Mission,** particularly for Madison, Yancey, and Graham Counties. It should be noted that **Advent's** patient origin is flawed by the unrealistically high (40%) projected market share for Madison and Yancey Counties. While it may project a higher percentage of patients from these counties, the projection is not realistic. A smaller, lower acuity hospital with limited supposedly tertiary services is not going to draw a larger percentage of patients from distant counties than a large tertiary, trauma center.

Therefore, with regard to serving the planning area, **Mission** is the most effective alternative, and **Novant**, **AdventHealth**, and **UNC** are the least effective alternatives.

**Access by Underserved Groups**

"Underserved groups" is defined in G.S. 131E-183(a)(13) as follows:

> *"Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority."*

For access by underserved groups, the applications in this review are compared with respect to three underserved groups: Charity Care patients (i.e., medically indigent, or low-income persons), Medicare patients, and Medicaid patients. Access by each group is treated as a separate factor.

*Projected Charity Care*

The following table shows projected charity care during the third full fiscal year following the completion of the project for each applicant. Generally, the application projecting to provide the most charity care is the more effective alternative with regard to this comparative factor.

| Projected Inpatient Services Charity Care - 3rd Full Fiscal Year | | | | |
|---|---|---|---|---|
| **Applicant** | **Charity Care Revenue** | **Admissions/ Discharges** | **Estimated Charity Admissions** | **% of Total Gross Patient Revenue** |
| Mission | $272,549,512 | 52,221 | 1,587 | 3.04% |
| Advent | $18,255,415 | 12,212 | 368 | 3.01% |
| Novant | $3,139,995 | 1,565 | 34 | 2.18% |
| UNC* | $45,682,036 | 8,262 | 429 | 5.19% |

*Source: Application Form F.2b and Form C.1b*

**UNC provides a pro forma for total services only.*

Due to the differences in the presentation of pro forma financial statements, the number of patients, and the level of care at each facility, it is impossible to effectively compare the applicants based on this comparative factor. **Mission**, an existing large tertiary care center proposing to add adult inpatient beds, has pro forma financial statements that are structured differently than the other applicants. **Mission** provides a projection for inpatient adult services only, the service affected by their project. **Advent** and **Novant** also provide proformas for inpatient services; however, **UNC** provides a total hospital pro forma. Projected charity care cannot be compared. Further, even if all applicants provided pro forma statements in a comparable format with similar data, differences in patient acuity and levels of care at each facility would render any comparison of little value. Therefore, the result of this analysis is inconclusive.

*Projected Medicare*

The following table shows projected Medicare during the third full fiscal year after each applicant's project completion Generally, the application with the highest projected provision of services to those with Medicare is the more effective alternative regarding this comparative factor.

| Projected Inpatient Services Medicare Revenue - 3rd Full Fiscal Year | | | | |
|---|---|---|---|---|
| **Applicant** | **Medicare Revenue** | **Admissions/ Discharges** | **Estimated Medicare Admissions** | **% of Total Gross Patient Revenue** |
| Mission | $5,185,498,865 | 52,221 | 30,194 | 57.82% |
| Advent | $408,222,458 | 12,212 | 8,220 | 67.31% |
| Novant | $85,847,244 | 1,565 | 931 | 59.50% |
| UNC* | $445,192,601 | 8,262 | 4,182 | 50.62% |

*Source: Application Form F.2b and Form C.1b*

**UNC provides a pro forma for total services only.*

Due to the differences in the presentation of pro forma financial statements, the number of patients, and the level of care at each facility, it is impossible to effectively compare the applicants based on this comparative factor. **Mission**, **Advent**, and **Novant** have pro forma financial statements that are structured differently than **UNC**. **Mission**, **Advent**, and **Novant** provide a projection for inpatient services. **UNC** provides a total hospital pro forma. Projected Medicare cannot be compared.

Further, even if all applicants provided pro forma statements in a comparable format with similar data, differences in patient acuity and levels of care at each facility would render any comparison of little value. Therefore, the result of this analysis is inconclusive.

*Projected Medicaid*

The following table shows projected Medicaid during the third full fiscal year following the completion of the project for each applicant. Generally, the application with the highest projected provision of services to those with Medicaid is the more effective alternative with regard to this comparative factor.

| Projected Inpatient Services Medicaid Revenue - 3rd Full Fiscal Year | | | | |
|---|---|---|---|---|
| **Applicant** | **Medicaid Revenue** | **Admissions/ Discharges** | **Estimated Medicaid Admission** | **% of Total Gross Patient Revenue** |
| Mission | $1,030,541,893 | 52,221 | 6,001 | 11.49% |
| Advent | $52,000,850 | 12,212 | 1,047 | 8.57% |
| Novant | $17,025,168 | 1,565 | 185 | 11.80% |
| UNC* | $107,566,986 | 8,262 | 1,010 | 12.23% |

*Source: Application Form F.2b and Form C.1b*

**UNC provides a pro forma for total services only.*

Due to the differences in the presentation of pro forma financial statements, the number of patients, and the level of care at each facility, it is impossible to effectively compare the applicants based on this comparative factor. **Mission**, **Advent**, and **Novant** have pro forma financial statements that are structured differently than **UNC**. **Mission**, **Advent**, and **Novant** provide a projection for inpatient services. **UNC** provides a total hospital pro forma. Projected Medicaid cannot be compared.

Further, even if the applicants provided pro forma statements in a comparable format with similar data, differences in patient acuity and levels of care at each facility would render any comparison of little value. Therefore, the result of this analysis is inconclusive.

**Projected Average Net Revenue per Admission**

The following table shows the projected average net revenue per admission in the third full fiscal year following project completion for each applicant. Generally, the application projecting the lowest average net revenue per patient is the more effective alternative regarding this comparative factor. However, differences in the acuity level of patients at each facility, the level of care (community hospital, tertiary care hospital, etc.) at each facility, and the number and types of surgical services proposed by each facility significantly impact the simple averages shown in the table below.

**Projected Inpatient Services Average Revenue per Admission - 3rd Full FY**

| Applicant | Admissions/ Discharges | Gross Revenue | Average Net Rev per Admission |
|---|---|---|---|
| Mission | 52,221 | $8,968,527,774 | $28,094 |
| Advent | 12,212 | $606,492,204 | $14,520 |
| Novant | 1,565 | $144,281,083 | $25,623 |
| UNC | 8,262 | $879,522,613 | $32,563 |

*Note: Includes outpatient revenue as reported in total on Form F.2b*

**UNC provides a pro forma for total services only.*

Therefore, given the extreme variation in service offerings and acuity levels between the applicants, this comparative factor is inconclusive.

**Projected Average Revenue per Admission**

*Total Expense*

The following table shows the projected average revenue per admission in the third full fiscal year following project completion for each applicant. Generally, the application projecting the lowest average total revenue per admission is the more effective alternative with regard to this comparative factor. However, in this instance the service offerings between a regional tertiary trauma provider and three community hospitals cannot be compared, which renders a comparison inconclusive.

**Projected Inpatient Services Average Revenue per Admission - 3rd Full FY**

| Applicant | Admissions/ Discharges | Net Revenue | Average Net Rev per Admission |
|---|---|---|---|
| Mission | 52,221 | $1,467,076,661 | $28,094 |
| Advent | 12,212 | $177,316,951 | $14,520 |
| Novant | 1,565 | $40,099,621 | $25,623 |
| UNC* | 8,262 | $269,033,814 | $32,563 |

*Note: Includes outpatient revenue as reported in total on Form F.2b*

**UNC provides a pro forma for total services only.*

Therefore, given the extreme variation in service offerings and acuity levels between the applicants, this comparative factor is inconclusive

**Project Costs**

The table below shows the projected cost for each project. Generally, the applicant who projects the lowest project cost should be found to be the most effective alternative regarding this comparative analysis factor based on the directive of the CON Statute to contain costs. The Agency does not always consider project cost in the comparatives analysis, but cost containment is a basic premise of the CON statute. In this instance three proposals seek to add a total of 129 beds and one proposal seeks to add 34 beds to the community – each reflecting significantly different cost projections. Thus, the cost effectiveness of the project should be considered in this comparative analysis.

| Applicant | Project Cost | Variance from Low Cost Option | Proposed Beds | Cost per Bed |
|---|---|---|---|---|
| Mission | $198,522,000 | | 129 | $1,538,930 |
| Advent* | $253,741,783 | $55,219,783 | 129 | $1,966,991 |
| Novant | $322,212,091 | $123,690,091 | 34 | $9,476,826 |
| UNC | $711,117,493 | $512,595,493 | 129 | $5,512,539 |

*Source: Form F.1a*

**Advent Project cost only reflects the additional cost to add 129 beds to previously approved project.*

As displayed in the table above, **Mission** has the lowest project cost with Advent over $55 million higher, **Novant** almost $125 million higher, and **UNC** over $510 million higher. **Novant** has the highest project cost, having the highest project cost per bed among small hospitals approved since 2019.

Therefore, in regard to cost, **Mission** has the lowest project cost making it the most effective applicant. **Novant**, **Advent**, and **UNC** are the least effective alternatives.

**Competition (Patient Access to a New or Alternative Provider)**

There are 775 existing and approved acute care beds located in Buncombe County and no acute care hospital beds in Graham, Madison, and Yancey Counties. Graham, Madison, and Yancey Counties are included in the planning area for the calculation of the bed need methodology due to their reliance on Mission as the regional tertiary care and trauma provider. However, planning area residents utilize numerous other community and rural hospitals in the region including Margrett R. Pardee Hospital, AdventHealth Hendersonville, Haywood Regional Medical Center, Blue Ridge Regional Hospital, Swain County Community Hospital, and Duke Life Point Harris Regional Hospital, among others.

**Mission** is the only regional tertiary hospital and trauma services provider and the only applicant proposing to use the 129 acute care beds for services that are critical to the region. **Advent**, **Novant**, and **UNC** propose to use all or some of the 129 acute care beds in community hospitals with a limited range of services at a time when there are already multiple community hospitals in the area with adequate capacity and offering the same services as those proposed by **Advent**, **Novant**, and **UNC**. **Advent's** project simply adds additional beds to an approved facility that is years from opening and does not enhance competition. **Novant's** project proposes the development of beds for a limited cancer need, which it does not demonstrate exists. In addition, **Novant's** entire service area and utilization is based on the provision of services to the patients of six referring provider groups. It is not seeking to serve the community at large. Further, **Novant's** project does not increase geographic access given that it is less than 15 miles from two community hospitals located in Henderson County. **UNC**'s proposal is duplicative of existing and approved providers and is geographically situated near multiple existing community hospitals.

In the past, the Agency has taken a rather one-dimensional approach to the competition comparative factor, often concluding that any new provider is a more effective alternative. This approach ignores or overlooks that the high and often specialized utilization of existing providers generated the need in the SMFP for a given review and that often the provider generating the need offers more complex and diverse services than those which can be offered by a new provider. These circumstances are applicable to this review.

Moreover, the cost to establish a new provider or facility is generally far higher than adding the needed beds or services to existing facilities that created the SMFP need. In such cases, approving a new provider simply because they represent competition results in a costly duplication of services. Mission encourages the Agency to consider the competition factor in combination with other equally important CON Statutory criteria, such as unnecessary duplication of services, limiting costs, and serving the needs of the service area population based on the scope of services provided. This balancing of criteria is specifically directed by the SHCC on page 3 of the 2025 SMFP.

A key component in evaluating this comparative factor is the consideration of whether the applicants propose to provide and deliver like services to similar populations by the applicants. In this instance, neither **Advent**, **Novant** nor **UNC** propose to offer like services to those already offered by **Mission** including high acuity, tertiary, and specialty care, which **Mission** proposes to expand. Further, there is underutilized capacity in the region for the services proposed by **Advent**, **Novant**, and **UNC.** However, there are aspects of each proposal that can be compared in this comparative factor, including quality, safety, access, cost effectiveness and value.

In this review, **Mission**'s project is the least costly and offers the highest acuity and broadest range of services. For these reasons, the Agency should find that the competition comparative factor is either inconclusive, due to fact that "like services" are not proposed by the applicants or find that **Mission** is the most effective alternative because it offers the highest acuity and broadest range of services.

**Conclusion**

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of acute care beds that can be approved by the Healthcare Planning and Certificate of Need Section. Approval of all applications submitted during the review would result in acute care beds in excess of the need determination in the Buncombe/Graham/Madison/Yancey Counties service area. Only **Mission's** project can be approved as it is the only applicant that conforms to all project review criteria and applicable performance standards. However, if all applicants were approvable based on these criteria, **Mission's** project is still the most effective alternative to meet the need based on the summary below. As such, **Mission's** project should be approved.

**Summary of Comparative Factors**

| Meaure/Analysis | Mission | Advent | Novant | UNC |
|---|---|---|---|---|
| Conformity with Review Criteria | **Yes** | No | No | No |
| Scope of Services | **Most Effective** | Least Effective | Least Effective | Least Effective |
| Geographic Access | **Most Effective** | Least Effective | Least Effective | Least Effective |
| Historical Utilization | **Most Effective** | Least Effective | Least Effective | Least Effective |
| Projected Utilization / Use of Beds | **Most Effective** | Least Effective | Least Effective | Least Effective |
| Service to the Planning Area Counties (a) | **Most Effective** | Least Effective | Least Effective | Least Effective |
| Projected Financial Access | Inconclusive | Inconclusive | Inconclusive | Inconclusive |
| Projected Charity Care | Inconclusive | Inconclusive | Inconclusive | Inconclusive |
| Projected Medicare | Inconclusive | Inconclusive | Inconclusive | Inconclusive |
| Projected Medicaid | Inconclusive | Inconclusive | Inconclusive | Inconclusive |
| Projected Average Net Revenue per Admission | Inconclusive | Inconclusive | Inconclusive | Inconclusive |
| Projected Average Expense per Admission | Inconclusive | Inconclusive | Inconclusive | Inconclusive |
| Project Cost | **Most Effective** | Least Effective | Least Effective | Least Effective |
| Competition/Access to New Provider | **Most Effective** | Least Effective | Least Effective | Least Effective |

*(a) Given the variation in types of projects (small community hospitals v. regional tertiary medical center), the most reasonable method to compare service to the planning area counties is the number of patients served.*