Novant Health Asheville Medical Center, LLC
CON for a New Acute Care Hospital in Buncombe County
Project ID# B-012709-25
Opposition on Behalf of MH Mission Hospital, LLLP

Introduction

Novant Health Asheville Medical Center ("Novant") has filed an application Project ID# B-012709-25 for a 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 ("Mission") – Add 129 Beds to its Existing Hospital - B-012720-25
- AdventHealth Asheville ("Advent") – Change of Scope to add 129 Beds - B-012716-25
- UNC Health West Medical Center, Inc. ("UNC West") – Develop a new 129 bed Acute Care Hospital - B-012708-25

Background

The 2025 SMFP identifies a need for 129 acute care beds in the Buncombe/Graham/Madison/Yancey service area – driven entirely by Mission Hospital's consistently high occupancy. Since 2022, Mission's utilization has driven annual bed need determinations: 67 beds in 2022, 32 beds in 2023[1], 26 beds in 2024, and 129 beds in 2025. Yet, Mission applications to add beds in 2022 and 2024 were denied and granted to another community hospital, leaving the Mission system with no relief. Despite being granted 73 temporary beds throughout late 2024 and 2025, to date, Mission still operates at capacity and frequently must decline patient transfers from regional hospitals due to bed shortages.

In contrast, Novant's proposal for a new 34-bed community hospital does not address the identified regional need. Instead, it seeks to establish a hub for only a few affiliated providers, offering duplicative community-level services that extend beyond the Buncombe/Graham/Madison/Yancey service area, which is unreasonable for a hospital of its size. This project is **not focused on meeting the 2025 SMFP demand and is instead focused on meeting the needs of only a few providers.** Building a new, high-cost hospital – one of the most expensive small community projects in recent years – is unnecessary and will not meet the need identified in the 2025 SMFP.

Criterion (1) Novant's Application is Inconsistent with the SMFP

Novant's proposal is inconsistent with the acute care bed need determination in the 2025 State Medical Facilities Plan. First, Novant's proposal demonstrates that it does not intend to increase access to acute care services to the SMFP defined service area of Buncombe, Graham, Madison, and Yancey Counties, but only to the patients of six provider groups in support of its project. On page 43, Novant defines an eight-county service area based on patient origin for the six supporting providers. Novant's entire service area is defined by the patient origin statistics of these six referring entities. As a result, the service area is overly broad and ambiguously identified. Moreover, it is not meaningful for a general provider of low acuity hospital services to include surgical procedures and largely undefined cancer care for low acuity DRGs.

[1] UNC Pardee Hospital, a provider located outside the service area, petitioned to remove need for 31 beds from the 2023 SMFP and was approved. Despite Mission's objections to the petition and its continuously high occupancy rate, the SHCC decided to remove the bed need determination from 2023 SMFP acute care bed need.

Novant should not be found conforming with Criterion (1).

Criterion (3) Novant Fails to Adequately Demonstrate Need for the Project

Novant does not adequately demonstrate the need for the proposed project and cannot be found conforming with Criterion (3). Among its deficiencies, the project is never fully defined. It claims to be a "cancer-focused hospital" and also a low-acuity hospital. (See Application page 108) The DRGs included in Exhibit C-1.1 are expansive and are not limited to low-acuity inpatient cancer services and/or surgical procedures that will be referred by the six supportive provider groups. Many DRGs reflect specialties for which Novant has no support. It is unclear what procedures and services Novant will actually offer that provide distinct benefits to service area patients. On pages 37-38 Novant states:

> "The scope of services for NH Asheville includes services initially appropriate for a small community hospital as well as the services currently provided by [NH Surgical Partners-Biltmore, NH Women's Specialty Care, NH Plastic & Reconstructive Surgery-Biltmore Park, Asheville Endocrinology, Carolina Hand & Sports Medicine, and Messino Cancer Center] physicians. NH Asheville will provide high-quality care to all patients who come to the hospital."
>
> "**NH cannot predict exactly what subspecialities will be on staff and exactly which patients will present at the hospital**."

These statements make the project even less defined and highlight the amount of detail left out of the project description.

<u>Need for New Community Hospital</u>

In addition to its vague project description, Novant fails to clearly articulate why this particular project is needed or how it will address the service area demand identified in the SMFP. Instead, it relies on generic references to the need not specific to its project, such as population growth and aging (See Application pages 49-70). On page 39, Novant states:

> NH Asheville will have a full-service ED with twelve treatment rooms on the first floor, near the imaging and laboratory services. The ED will be staffed 24/7 by emergency physicians, nurses, and other clinicians. The ED medical staff, onsite and through telemedicine consultation with specialists, can stabilize patients with almost any diagnosis before admitting them for further treatment at NH Asheville, transferring them to another hospital offering a higher level of care, or discharging them home.

Those patients who are transferred to another hospital for a higher level of care will likely be transferred to Mission Hospital, given its location and capabilities, where it will not have sufficient bed capacity to meet the needs of transferred patients. As shown in the 2025 SMFP, the need for the 129 acute care beds under review was generated by the historical utilization of Mission. Novant is not proposing to use these beds to meet a demonstrated need of the service area. Instead, it focuses on providing low-acuity inpatient cancer services (even though inpatient cancer services are generally not low-acuity services) to the patients of physician practices while proposing no ancillary services or equipment related to specialty cancer care as part of its "cancer-focused" project.

Novant's Assertions Regarding Mission Hospital to Justify Need for Project are Inaccurate.

On page 71, Novant recites accusations made by Attorney General Josh Stein regarding cancer care at Mission Hospital.[2] It appears that Novant has assumed all allegations and accusations within Mr. Stein's letter and from other sources to be based on determined facts despite the fact that the related litigation is still pending, with Mission having admitted no such facts and no court or jury having made any such findings of fact. Novant provides no analysis in its application to demonstrate that its assumptions regarding Mission Hospital are true.

HCA Did Not Take 20 Oncology Beds Out of Service

On page 71, Novant asserts that Mission reduced the number of oncology beds from 44 to 24 beds, referencing the Independent Monitor's Report for the 6th Annual Review Cycle for 2024 to solidify its claim. However, this is false. Since 2021, when Mission initially dedicated 44 of its licensed acute care services to oncology services, it has consistently operated all 44 oncology beds. See **Figure 1**

Figure 1
Mission Hospital Oncology Beds by Year

	2020	2021	2022	2023	2024	2025
Oncology Beds	31	44	44	44	44	44

Source: Mission LRAs

In addition, Novant states and implies that Mission Hospital does not keep all beds in operation due to staffing and other issues. See Application page 72. This is an inaccurate and unsupported assertion. Mission Hospital has been operating at full capacity for years, and throughout Calendar Year ("CY") 2025 Mission has been granted the use of 73 temporary emergency acute care beds to meet the urgent need for additional beds, on an ongoing and regular basis.

While Novant's claims regarding Mission's oncology beds are unfounded, it should be noted that Novant Health does not propose to include licensed oncology beds in its application. On page 39, Novant proposes 30 general med/surg beds and 4 ICU beds, but no oncology designated beds.

On page 73, Novant continues its inaccurate claims that Mission understaffs its acute care beds and even claims "Mission employed no medical oncologists." Mission Hospital has multiple medical oncologists that are active on its staff even if not employed by Mission. Physician employment by the hospital is not a necessity for any hospital to offer subspecialty or comprehensive care. In fact, all MCC physicians are still active members of Mission's medical staff, though they are not employed by Mission.

In addition, Mission Hospital has numerous other oncologists and oncology specialists on its medical staff. **All members of MCC and NHSPB are on Mission Hospital's medical staff and are actively admitting patients.** Mission's other oncology specialists include numerous physicians in a wide range of specialties and a long list of medical staff members that participate in the multidisciplinary care of Mission's cancer patients, which includes physicians consulting in additional areas such as cardiology, pathology, radiology, nurse navigators, advance practice providers, physician assistants, and physical therapists - all of whom support a full continuum of cancer-related diagnosis and treatment. By contrast, NH Asheville admits it does not know what other physician specialties will be on its medical staff.

[2] This lawsuit is now being pursued by the new Attorney General Jeff Jackson.

Projected Utilization

- Inpatient Utilization: On page 165, Novant bases its inpatient utilization projection on six affiliated providers: NH Surgical Partner-Biltmore, NH Women's Specialty Care, NH Plastic & Reconstructive Surgery-Biltmore Park, Asheville Endocrinology, Carolina Hand & Sports Medicine, and Messino Cancer Center. It is unreasonable to base the need for an entire hospital on the patients of only six provider groups. Notably, Novant's actual inpatient projections seem to be only based on five of the six providers listed, creating a disconnect between the narrative and data used.
    - Novant's utilizations are flawed and unreasonable because they drive discharges based on patient day trends. This approach is fundamentally illogical as discharges generate patient days, not the reverse.
    - On page 171, Novant claims that the average weighted length of stay ("ALOS") for affiliated providers is 6.29 days, which is unreasonably high for a small low acuity hospital. **The ALOS exceeds that of Mission, a tertiary referral center.** As such, the assumptions are entirely inappropriate for a community-level facility. Moreover, Novant based its ALOS calculation (5.046 days) from non-affiliated provider data from Mission, UNC Henderson, and UNC Pardee. The difference between UNC Henderson and UNC Pardee is unclear. Again, using Mission, the tertiary and regional facility, as comparator further distorts Novant's projections and renders its analysis unreliable.
    - On page 166, Novant made a calculation error when projecting Messino's inpatient days, resulting in a significant overestimate of total patient days. There is no explanation for a jump of almost 2,500 Messino cases between 2024 and 2025. On page 167, Novant claims to have used the population growth rate from NCOSBM from 2024 to 2032 for the service area, which is a growth rate of 0.87%. Inexplicably, Novant grows the Messino case volume by 75% between 2024 (base year) and 2025.

Step 1: Determine Base Year (CY 2024) and Projected CY CAC Inpatient Days for Affiliated Providers

Affiliated Provider CAC Inpatient Days at Area Hospitals, CY 2024 – CY 2032

Affiliated Provider	2024	2025	2026	2027	2028	2029	2030	2031	2032
NH Surgical Biltmore	1,994	2,011	2,028	2,046	2,064	2,082	2,100	2,118	2,136
Messino*	3,297	5,776	5,826	5,877	5,928	5,980	6,032	6,084	6,137
Biltmore Plastic	51	51	51	51	51	51	51	51	51
Carolina Hand	38	38	38	38	38	38	38	38	38
NH Woman's	38	38	38	38	38	38	38	38	38
Total Patient Days	**5,418**	**7,914**	**7,981**	**8,050**	**8,119**	**8,189**	**8,259**	**8,329**	**8,400**

*Source: HIDI, NCOSBM, *Messino Base Year = YE June 2023*

    - The corrected 2025 figure should be 3,369 as opposed to 5,776.

	2024	2025	2026	2027	2028	2029	2030	2031	2032
NH Surgical Biltmore	1,994	2,011	2,029	2,046	2,064	2,082	2,100	2,119	2,137
Messino*	3,297	3,369	3,398	3,428	3,458	3,488	3,518	3,549	3,580
Biltmore Plastic	51	51	52	52	53	53	54	54	55
Carolina Hand	38	38	39	39	39	40	40	40	41
NH Woman's	38	38	39	39	39	40	40	40	41
Total Patients	**5,418**	**5,509**	**5,557**	**5,605**	**5,654**	**5,703**	**5,752**	**5,803**	**5,853**

**Messino base year = YE June 2023. 2.5 years of growth were applied to get to 2025.*

- **This error carries through subsequent projections and results in Novant failing to meet performance standards.** See the following tables correcting the calculation error, carrying through inpatient projected utilizations:

Corrected Step 1 - Affiliated Provider CAC Inpatient Days at Area Hospitals

	2030	2031	2032
NH Surgical Biltmore	2,100	2,119	2,137
Messino	3,518	3,549	3,580
Biltmore Plastic	54	54	55
Carolina Hand	40	40	41
NH Woman's	40	40	41
Actual Total Patients Days	**5,752**	**5,803**	**5,853**
Novant Total Patient Days	**8,259**	**8,329**	**8,400**
Difference	**(2,507)**	**(2,526)**	**(2,547)**

Source: Novant Application page 166

Corrected Step 2 – Determine Affiliated Provider Inpatient Days at NH Asheville CY 2030 – CY 2031

	% Shift	2030	2031	2032
NH Surgical Biltmore	85%	1,785	1,801	1,817
Messino	75%	2,639	2,662	2,685
Biltmore Plastic	85%	46	46	46
Carolina Hand	85%	34	34	35
NH Woman's	85%	34	34	35
Actual Total Patients Days		**4,538**	**4,577**	**4,617**
Novant Total Patient Days		**6,416**	**6,470**	**6,526**
Difference		**(1,878)**	**(1,893)**	**(1,909)**

Source: Novant Application page 167

Corrected Step 5 – Projected Inpatients at NH Asheville

	2030	2031	2032
Corrected Affiliated Provider Days	4,538	4,577	4,617
Non-Affiliated Providers Days (ED Capture)	2,611	2,638	2,666
Total Inpatient Days	**7,149**	**7,215**	**7,283**
ADC (Total/365 Days)	19.59	19.77	19.95
Occupancy on 34 Beds	**57.6%**	**58.1%**	**58.7%**
Performance Standard	**66.7%**		

Source: Novant Application pages 166-167, 169

- Inconsistencies in Projections: On page 166, Novant identifies inpatient days for affiliated providers at the county level. However, on page 168 Novant calculates its non-affiliated providers patient days at the ZIP code level, citing a limitation to ED non-elective services. This inconsistency undermines the reliable comparability of its projections.
    - Outpatient Utilization Projections – Novant applies a similar inconsistent methodology to outpatient projections – using county level data for affiliated providers and zip code level data for non-affiliated providers (pages 182 and 184).
- Furthermore, on page 169, Novant adds a 15% "immigration" adjustment on top of the patient days from non-affiliated providers. As a result, approximately 37% of projected patients come from non-affiliated or non-supporting providers. Over 30% of total projected patient days are attributed to only **three ZIP codes**, an unrealistic assumption that fails to meet true demand in the planning area.

- Medical Equipment Data (page 176): Novant's medical equipment volumes are overstated because they are based on inflated inpatient discharge projections, discussed in detail above.
    - Equipment ratios are derived from internal data from NH Hospitals in the greater Charlotte and greater Winston Salem regions, which serve very different markets than Buncombe County. Novant fails to justify why data from these unrelated markets were used**.**
    - This flawed approach mirrors NH Asheville's previous attempt to justify additional acute care beds in response to the 2022 SMFP need determination. The Novant 2022 Application was found non-conforming because projections were based on NH Mint Hill – a hospital in Charlotte serving a vastly different market than Buncombe/Graham/Madison/Yancey multicounty service area. See excerpt from the Agency's findings below:

However, projected utilization is not reasonable and adequately supported, based on the following:

- Novant uses NH Mint Hill, which it identifies as its newest community hospital that is of a similar size and offers similar services to those proposed at NH Asheville, to extrapolate calculations such as acute care days. In its projections for acute care days, Novant uses the ALOS from NH Mint Hill and applies that to the projected admissions to calculate projected acute care days.

  However, NH Mint Hill is located in Mecklenburg County, a very large urban county that is the center of a metropolitan statistical area, and which has a much different population and healthcare system than the Buncombe/Graham/Madison/Yancey multicounty service area. The table below highlights some of the differences between the two facilities and two service areas.

Comparison of Buncombe and Mecklenburg counties and facilities

Category	Buncombe County/NH Asheville	Mecklenburg County/NH Mint Hill
# of Acute Care beds	67	36
# of ORs	1 (and 1 dedicated C-Section OR)	3 (and 1 dedicated C-Section OR)
Countywide		
Number of Hospitals*	1 existing	7 existing, 3 approved
Number of Acute Care Beds*	733 existing; 0 approved	2,306 existing; 309 approved
Number of Owners of Hospitals with Acute Care Beds*	Mission Health (1)	Atrium Health (3; 1 approved) Novant Health (4; 2 approved)
Population**	319,414	1,121,482

***Source:** Agency records

**Population data from 2021 Standard Population Estimates, NC OSBM, last updated September 28, 2022. Population total under Buncombe County includes populations of Graham, Madison, and Yancey counties.

  - **Again, Novant should be found non-conforming based on its inappropriate reliance on Charlotte area hospitals.**
- Projections for Total ED and Total Surgical Volumes: On pages 186-187, these projections are unreliable as they are based entirely on the flawed inpatient projections as discussed in detail above.
- Ancillary Hospital Volumes: On pages 187-190, these projections are unreliable as they are also based on the flawed inpatient projections as discussed in detail above.

Novant should not be found 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.

Novant fails to demonstrate that its project is either the least costly or most effective alternative. From a cost standpoint, adding beds to an existing facility is the more cost-effective option as it only requires construction and incremental costs associated with the addition. Novant instead proposes a small, 34-bed hospital with the highest cost per bed of any hospital proposed in the last five years. See **Figure 2** and Application page 192. While Novant labels its proposed hospital as a cancer-focused hospital, it fails to include any equipment or service components beyond those found in a typical community hospital, yet it has the costs associated with a larger, higher-acuity provider. (See Application pages 22 and 108).

Figure 2
Comparison of Cost per Bed for Recent Acute Care Hospital Projects

Application Filed Year	Hospital Name	County	# of Acute Care Beds	# of Obs Beds	# of ED Bays	Cost per Bed	Cost per Bed w/ Obs Beds
2025	**AdventHealth Asheville**	**Buncombe**	**222**	**18**	**24**	**$2,676,600**	**$2,475,855**
2025	**Novant Health Asheville Medical Center**	**Buncombe**	**34**	**10**	**12**	**$8,689,179**	**$6,714,366**
2025	**UNC Health West Medical Center**	**Buncombe**	**129**	**14**	**28**	**$5,366,128**	**$4,840,773**
2024	**AdventHealth Asheville**	**Buncombe**	**93**	**18**	**12**	**$3,660,897**	**$3,067,238**
2024	UNC Hospitals-RTP	Durham	112	16	28	$7,746,034	$6,777,779
2023	AHWFB - Greensboro	Guilford	36	12	20	$6,847,250	$5,135,438
2023	Atrium Health Lake Norman"*	Mecklenburg	30	8	8	$7,446,327	$5,878,679
2023	WakeMed Garner Hospital	Wake	31	14	25	$6,461,290	$4,451,111
2022	Atrium Health Harrisburg	Cabarrus	24	NA	12	$3,575,917	$3,575,917
2022	**AdventHealth Asheville**	**Buncombe**	**67**	**18**	**12**	**$3,524,254**	**$2,777,941**
2022	UNC Hospitals-RTP	Durham	74	20	20	$6,705,604	$5,278,880
2021	UNC Hospitals-RTP	Durham	40	10	12	$5,422,713	$4,338,171
2021	Atrium Health Steele Creek	Mecklenburg	26	NA	NA	$2,067,948	$2,067,948
2021	Duke Green Level Hospital	Wake	40	12	15	$5,875,000	$4,519,231
2021	Atrium Health Union West^	Union	40	4	10	$3,651,570	$3,319,609
2021	Novant Health Steele Creek	Mecklenburg	32	16	16	$5,287,774	$3,525,183
NA	New Hanover Regional - Scott Hills"	New Hanover	66	6	12	$3,181,004	$2,915,920
2020	CaroMont Regional - Belmont	Gaston	54	12	16	$3,625,848	$2,966,603
2019	Novant Health Ballantyne	Mecklenburg	36	12	15	$3,853,834	$2,890,375

Source: CON Applications and Agency Findings

In addition to the capital construction and equipment costs associated with new construction, Novant's project involves significant operating costs including the clinical, administrative, support staff, services, and overhead required to support an entirely new hospital operation. The CON Statute sets forth a clear mandate to control costs. Of the three applicants for new hospitals, Novant's proposal is by far the costliest alternative.

In addition to being costly, Novant's application does not represent the most effective alternative. As described previously, Novant proposes an acute care hospital that focuses on cancer but provides no specific cancer services or equipment on site, such as radiation therapy or PET/CT. On page 76 of the application, "NH Asheville will join the NH Cancer Institute, which provides comprehensive cancer care, treating a diverse array of cancer types with a focus on providing personalized and advanced medical services. NH Asheville patents will have access not only to local oncology experts but also subspecialists in the NH system that practice elsewhere." NH Asheville will not provide any high-level cancer care. For its patients to receive these services from a Novant provider, they will have to access another NH Cancer Institute hospital. There are no NH Cancer Institute hospitals in western North Carolina. These patients will still have to leave western North Carolina for advanced treatment from Novant in Charlotte or Winston-Salem. However, advanced cancer services are available at Mission Hospital. Therefore, most cancer patients do not have to leave western North Carolina for care.

For these reasons and the associated discussions regarding Criteria (1), (3), (5), (12), and (18a), Novant cannot be found conforming with Criterion (4).

Criterion (5) Financial Feasibility

Capital Costs

Shown in **Figure 2** and discussed in relation to Criterion (4), Novant has the highest cost per bed of any hospital proposed in the last five years, though it offers no unique or distinct features, equipment, or services that support its costs being higher than other proposed hospitals of similar size and offerings. Nor does the hospital propose high acuity or tertiary level care, which could require higher costs.

Projected Utilization

As discussed in detail in Criterion (3), Novant's projected utilization is based on a flawed methodology with a calculation error in its inpatient projections, thus impacting projections for all other service components and resulting in no longer meeting the performance standards. As a result, Novant's financial projections are unsupported.

Furthermore, Novant has projected a Year 3 net income of just over $1 million. However, when the documented calculation errors and resulting diminished utilization are considered, the project's financial feasibility is further undermined. Adjusted for realistic utilization levels, the facility would likely experience a net loss by Project Year 3.

Payor Mix

Like its utilization assumptions, Novant's payor mix projections are inaccurate. For inpatient care, Novant bases its payor mix on the same limited group of patients from six affiliated providers supporting the application, rather than evaluating the payor mix for the actual service area. This approach confirms that Novant intends to serve the same patients already cared for by its affiliates at Mission Hospital, rather than addressing the community need of the planning area. See Application page 199.

For these reasons, Novant should be found non-conforming with Criterion (5).

Criterion (6) Unnecessary Duplication

On pages 120-121 of its application, Novant asserts that because the SMFP identifies a need for 129 acute care beds in the Buncombe/Graham/Madison/Yancey service area, any proposal to utilize these beds cannot be an unnecessary duplication of "assets." See below. This interpretation is overly simplistic and inaccurate. The presence of a need determination does not automatically justify any project; an applicant must demonstrate that its proposed service will not unnecessarily duplicate existing providers.

> The 2025 SMFP shows a need for 129 additional acute care beds in the Buncombe/Graham/Madison/Yancey service area. NH is submitting this CON application, which will partially meet the need identified in the SMFP. The acute care beds proposed in this application are part of the needed assets, as determined by the State Health Coordinating Council and cannot be an unnecessary duplication of assets.
>
> This project will not result in unnecessary duplication of existing or approved services or facilities because this proposal is consistent with the need determination. This application adequately demonstrates the need to develop the proposed beds at the proposed location in Buncombe County, based on the number of projected patients to be served, physician support, community support and other evidence provided in Section C.

Novant fails to do so, and it is difficult to determine the purpose, patients, and service lines for the proposed hospital. In one section (see Application page 108) the hospital is described as cancer-focused, yet elsewhere (see Application pages 35-41) Novant claims it will serve a broad range of Core Acute Care MS-DRGs that are shown in Novant's Exhibit C-1.1**,** far beyond oncology related care.

If Novant Health Asheville is truly intended to be a cancer-focused hospital, the proposed project represents an unnecessary duplication of existing services. The proposed facility fails to provide any specialized cancer services or equipment, providing only general acute care to cancer patients while referring essential services such as radiation therapy elsewhere. Moreover, Novant's projection shows it plans to serve only patients from its affiliated physician practices, not the broader community. See Application pages 42-48 and 165-166.

Even if Novant is viewed as a general community hospital, it still duplicates existing services already provided by Mission Hospital, AdventHealth Hendersonville, and UNC Health Pardee, all located within 15 miles of the proposed site. While Novant's affiliate physicians may be specialists, the proposed facility itself offers no unique capabilities. It plans to draw patients from outside the defined SMFP service area, where local hospitals have sufficient capacity for additional patients (See Application pages 119 and 120).

Spending over $320 million to replicate services already available at nearby hospitals does not represent efficient or needed use of healthcare resources. For these reasons and those referenced in the associated discussions of Criteria (1), (3), (4), and (18a), Novant should be found non-conforming with Criterion (6).

Criterion (7) Availability of Resources.

Novant only proposes 49 FTEs for a new community hospital (page 209). This hardly seems sufficient to cover all functions of ancillary and support services needed for a new acute care hospital. Novant's FTE list is wholly inadequate with only 10 RNs in all three of the first three project years. This is only 2.3 nurses per shift to cover 34 beds without any RNs to cover any ancillary functions such as the 24/7 operation of the ED. The Administrator line has 4 FTEs but is supposed to cover a laundry list of managerial and supervisor positions listed on page 210. 4 FTEs are not sufficient to cover one managerial position such as nurse manager on a 24/7 basis. 1 FTE for 24/7 coverage is the equivalent of 4.2 FTEs. Therefore, Novant will not have any type of nursing or unit manager available for 24/7-hour coverage of its nursing units. No one will manage the ED 24/7. Nursing Assistants at 2.63 FTEs also cannot cover 24/7 of the nursing units. The only FTE line-item that seems more than sufficient is Radiology Techs, which exceeds the projected number of nurses. The entire staffing plan is so egregiously short that it begs the question of whether it is filled with typographical errors throughout. Should the staffing budget be tied to these projections, it is also drastically understated and would further erode the projected net income for the project period.

Novant's proposed staffing plan is severely and unrealistically understaffed across all essential clinical and managerial roles and cannot support safe 24/7 hospital operations or credible financial projections. For these reasons and those referenced in the associated discussions of Criteria (1), (3), and (5), Novant should be found non-conforming with Criterion (7).

Criterion (12) Cost and Design

Construction and Design

Novant does not demonstrate that its construction, design, and site choices represent the most reasonable alternative. As discussed previously and shown in **Figure 2**, the cost per bed is among the highest of all new hospitals reviewed in the last five years. However, cost is not the only factor. The proposed hospital is oversized for the number of beds proposed. Of all new community hospitals reviewed in the last five years, it has the fourth highest square footage per bed with 5,708 square feet per bed. See **Figure 3** below.

Figure 3
Comparison of Square Footage per Bed for Recent Small Hospital Applicants

Application Filed Year	Hospital Name	County	# of Acute Care Beds	Square Footage	Square Feet per Bed
2025	**AdventHealth Asheville**	**Buncombe**	**222**	**480,961**	**2,166**
2025	**Novant Health Asheville Medical Center**	**Buncombe**	**34**	**194,075**	**5,708**
2025	**UNC Health West Medical Center**	**Buncombe**	**129**	**483,999**	**3,752**
2024	AdventHealth Asheville	Buncombe	93	270,204	**2,905**
2024	UNC Hospitals-RTP	Durham	112	595,840	**5,320**
2023	AHWFB - Greensboro	Guilford	36	158,736	**4,409**
2023	Atrium Health Lake Norman"*	Mecklenburg	30	160,000	**5,333**
2023	WakeMed Garner Hospital	Wake	31	NA	
2022	Atrium Health Harrisburg	Cabarrus	24	53,851	**2,244**
2022	AdventHealth Asheville	Buncombe	67	226,910	**3,387**
2022	UNC Hospitals-RTP	Durham	74	441,418	**5,965**
2021	UNC Hospitals-RTP	Durham	40	189,838	**4,746**
2021	Atrium Health Steele Creek	Mecklenburg	26	54,436	**2,094**
2021	Duke Green Level Hospital	Wake	40	298,960	**7,474**
2021	Atrium Health Union West^	Union	40	150,000	**3,750**
2021	Novant Health Steele Creek	Mecklenburg	32	185,992	**5,812**
NA	New Hanover Regional - Scott Hills"	New Hanover	66	197,891	**2,998**
2020	CaroMont Regional - Belmont	Gaston	54	222,040	**4,112**
2019	Novant Health Ballantyne	Mecklenburg	36	161,988	**4,500**

Source: CON Applications and Agency Findings

Novant also includes a mobile MRI pad in its design so that it can offer 24/7/365 MRI services utilizing two rotating mobile MRI units. See Application page 40. However, Form C.2b shows that Novant projects to provide 841 MRI scans annually in Year 3 of operation – less than three scans per day. See Application page 173. Again, this level of utilization does not justify the level of construction cost and operating expense that is required for the provision of this service 24/7. It is also questionable why Novant would include mobile MRI when policy TE-3 allows any hospital to have a full-time fixed MRI.

Site Issues

The proposed location is currently zoned as an Employment District. Novant has disclosed that it will need to rezone the parcel to allow for hospital development. This may result in issues that have not yet been considered related to its proposed project site and related approvals that will be necessary through Buncombe County.

Novant does not provide the required documentation regarding the availability of utilities. It identifies the companies which provide utility services in the area but provides no documentation from local providers that there are utilities sufficient for a new hospital at the proposed site. The cost of bringing utilities to this site may not have been considered as there is no documentation to show their availability.

For these reasons, the project cannot be found conforming with Criterion (12).

Criterion (13) Medically Underserved Population

Novant claims it will serve medically underserved populations in its application, but its patient origin and payor mix projections indicate otherwise. As discussed previously, both patient origin and payor mix mirror that of six providers supporting its project. See Application pages 43-47 and 144-146. If these assumptions are true, then it indicates that Novant did not consider the medically underserved population and only considered the two practices it proposes to serve with this project. See Criterion (5).

Novant should be found non-conforming with Criterion 13.

Criterion (18a) Novant's Project will Not be Cost Effective, Offer Quality Care, Increase Access, or Improve Competition

As discussed in detail above regarding Criteria (1), (3), (4), (5), (6), (7), (8), (12), (13), and below regarding Criterion (18a), Novant does not propose a cost-effective project. The proposed new hospital does not represent the most cost-effective option to develop 34 beds when capital or operating costs are considered. Moreover, these costs are unreasonable given Novant has also failed to demonstrate the need for the project.

On page 152, Novant asserts that simply introducing another provider choice in the area will increase access to care and promote competition. However, as previously noted, the proposed project would only result in the unnecessary duplication of existing services. The new hospital would primarily serve as a centralized hub for a few limited physician practices that already serve the area and admit to Mission Hospital, rather than expanding access to new populations or addressing any unmet need.

> third acute care provider. A greater number of providers in the market promotes a more competitive environment that ultimately serves the public interest. The proposed project's benefits in terms of cost and quality are discussed in response to Question 2, below.
>
> The proposed NH hospital will be seamlessly integrated with existing NH provider groups already operating in the Asheville area. For instance, Novant Women's Specialty Care, NH Asheville Endocrinology, NH Surgical Partners-Biltmore, and NH-GoHealth North Asheville Primary Care already serve the community. The new hospital will act as a centralized hub, allowing these groups to provide a more comprehensive continuum of care for their patients. This integration will ensure patients have access to inpatient services and advanced surgical options directly within the Novant network, enhancing care coordination and streamlining the patient experience from diagnosis to treatment and recovery.

There are already two acute care facilities, either approved or existing in Buncombe County, and two more care facilities in Henderson County that are less than 15 miles from Novant's proposed location. Each of

these facilities has the capability to treat the low acuity patients Novant proposes to serve. In fact, Mission Health is serving these patients as the supportive provider groups are on Mission Hospital's medical staff. Thus, Novant's project does not enhance access, but instead fragments existing care delivery and redirects resources away from established providers that already meet community needs.

In terms of quality, Novant's staffing projection is wholly inadequate to support a full 34-bed hospital with 24/7 coverage of bed units and ancillary services. Novant cannot offer quality care with the minimum staffing levels it projects.

Novant will not have any positive impact on cost effectiveness, quality, and access to services. It is demonstrated throughout this document that the project proposed by Novant does not improve any of these required factors.

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

Conclusion

It is clear that Novant's project is designed to serve the needs of several physician practices and not the needs of the service area as a whole. Moreover, it is an incredibly expensive project that will only serve a very limited number and type of patients. Novant should be found non-conforming with Criterion (1), (3), (4), (5), (6), (8), (13), (18a), and should 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.

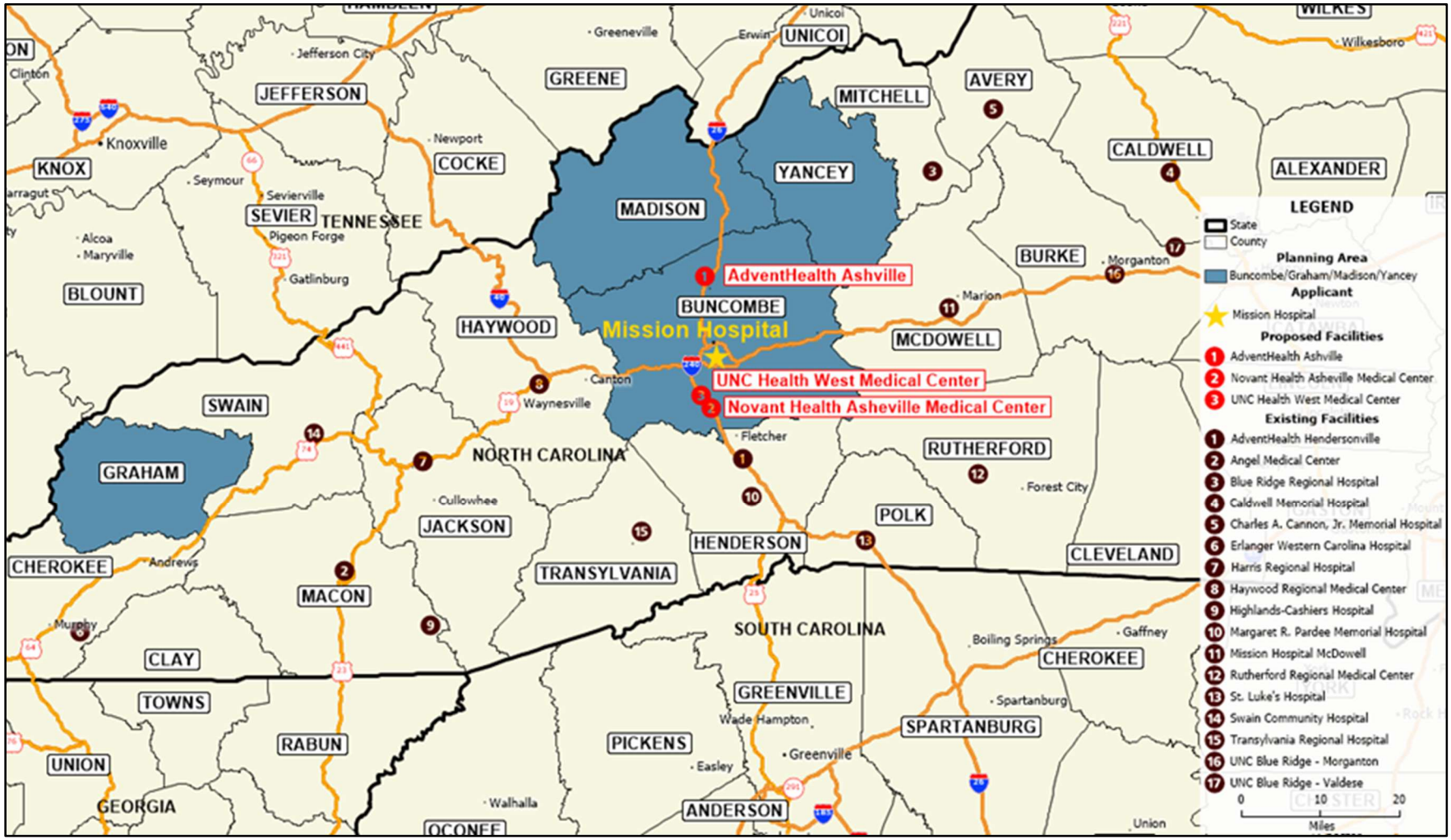
Geographic Access

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.

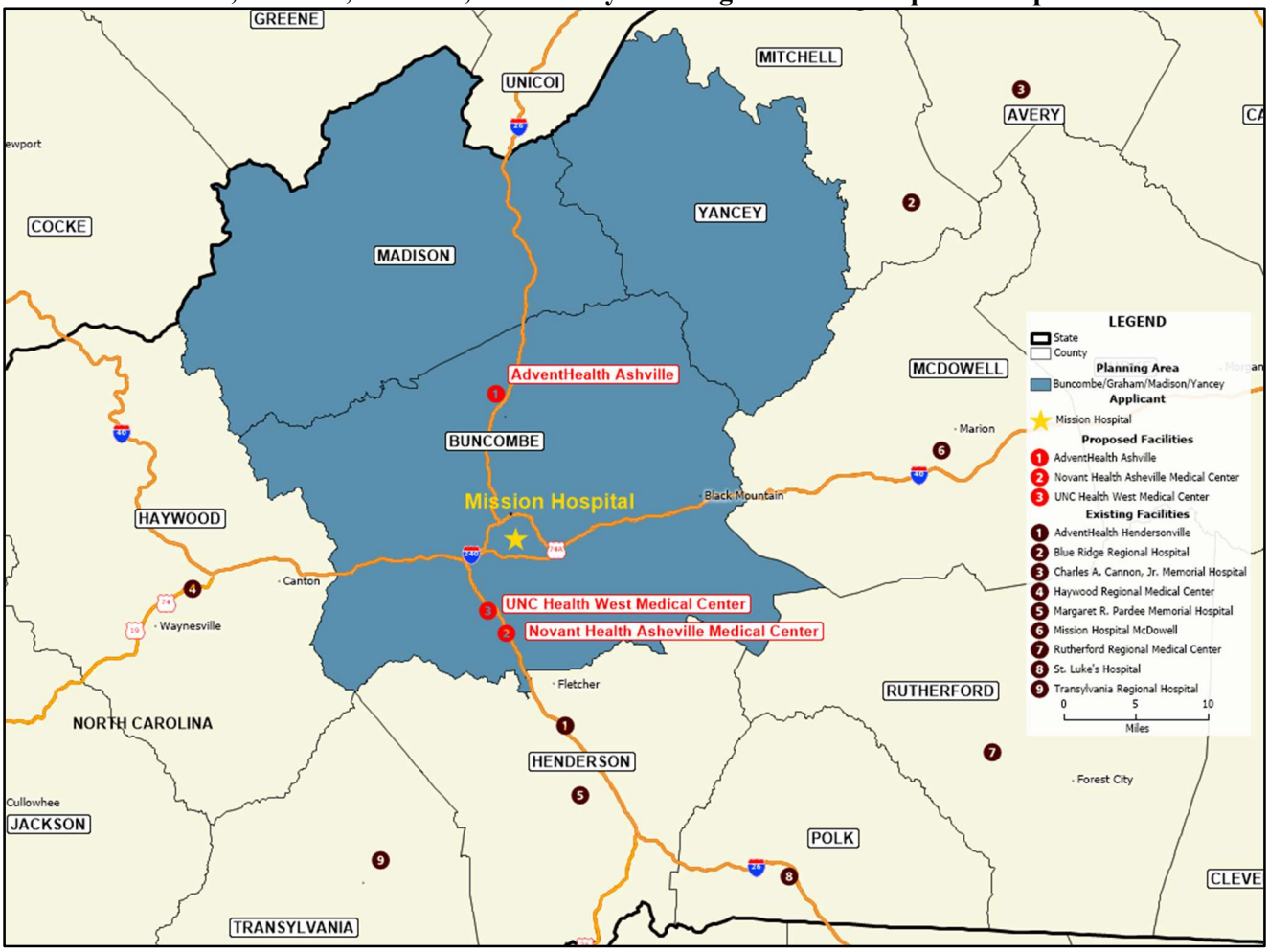
All four applicants propose to develop the acute beds in Buncombe County, within 20 miles of each other. **Novant's** proposed beds will not increase geographic access to community hospital services. It proposes to construct its hospital less than 15 miles from two existing acute care providers in Henderson 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.