Comments on
Novant Health Wesley Chapel Medical Center, LLC and Novant Health, Inc.'s Acute Care Bed Certificate of Need Application,
Project ID # F-012717-25

December 1, 2025

Competitive Comments on Union County
Acute Care Bed Applications

submitted by

The Charlotte-Mecklenburg Hospital Authority

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), The Charlotte-Mecklenburg Hospital Authority[1] (CMHA) hereby submits the following comments related to the application filed by Novant Health Wesley Chapel Medical Center, LLC and Novant Health, Inc. (collectively referred to herein as Novant Health) to develop a new 32-bed acute care hospital called Novant Health Wesley Chapel Medical Center (NH Wesley Chapel) in response to the need identified in the *2025 State Medical Facilities Plan* (*SMFP*) for 136 additional acute care beds in Union County. CMHA's comments include "*discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards*." *See* N.C. GEN. STAT. § 131E-185(a1)(1)(c).[2] In order to facilitate the Agency's ease in reviewing these comments, CMHA has organized its discussion by issue, specifically noting the general Certificate of Need (CON) statutory review criteria and regulations creating the non-conformity of each issue as they relate to Novant Health's application, Project ID # F-012717-25. CMHA's comments include issue-specific comments on Novant Health's application as well as a comparative analysis related to its concurrent and complementary applications:

- Atrium Health Union (AH Union), add 46 acute care beds, Project ID # F-012701-25
- Atrium Health Union West (AH Union West), add 90 acute care beds, Project ID # F-012707-25

As detailed above, given the number of proposed additional acute care beds, all applications cannot be approved as proposed. The comments below include substantial issues that CMHA believes render Novant Health's application non-conforming with applicable statutory and regulatory review criteria. However, as presented at the end of these comments, even if the Novant Health application were conforming, the applications filed by CMHA are comparatively superior to the application filed by Novant Health and represent the most effective alternative for expanding access to acute care bed services in Union County.

---

[1] Advocate Aurora Health, Inc. ("AAH") and Atrium Health, Inc. ("Atrium Health") formed Advocate Health, Inc. ("Advocate Health"), a nonprofit corporation, to manage and oversee AAH, Atrium Health, and their respective subsidiaries and affiliates. As part of Atrium Health, The Charlotte-Mecklenburg Hospital Authority and Wake Forest University Baptist Medical Center are now part of the Advocate Health enterprise and are managed and overseen by Advocate Health.

[2] CMHA is providing comments consistent with this statute; as such, none of the comments should be interpreted as an amendment to its applications filed on October 15, 2025.

ISSUE-SPECIFIC COMMENTS

1. <u>Novant Health's projected market share capture is unreasonable and inadequately supported.</u>

Novant Health fails to demonstrate the reasonableness of its projected utilization, as it projects aggressive market share capture that is primarily based on new market capture rather than the convenience and accessibility factors claimed throughout the application. NH Wesley Chapel projects capturing 18.2 percent of Union County Core Acute Care (CAC) MS-DRGs by 2032, representing a substantial market penetration that lacks adequate quantitative support and demonstrates internal inconsistencies in Novant Health's own methodology and project need justification.

Novant Health's utilization methodology reveals that the majority of projected volume represents new market capture from competitors rather than the convenience-driven shifting of existing Novant patients as purported by Novant. The application's Tables Q.6 and Q.7 demonstrate this concerning pattern:

Volume Shifting from Existing Novant Patients (Table Q.6): By 2032, only one quarter of Novant's existing 33.0 percent market share shifts to NH Wesley Chapel. This represents 8.25 percent of the total CAC MS-DRG market (25.0 percent × 33.0 percent = 8.25 percent). In other words, this is not 25 percentage points of Novant's current 33 percent share shifting; rather, it is only 8.25 percentage points of Novant's current 33 percent share shifting from Novant's existing operations to NH Wesley Chapel.

Table Q.6 Percentage Shift of Novant Health Share of Discharges to NH Wesley Chapel

	Current Share	% of Existing Share That Will Shift To NH Wesley Chapel			Projected Discharges Based on % of Share Shift		
	2024	2030	2031	2032	2030	2031	2032
Union Co.	33.0%	15.0%	20.0%	25.0%	675	920	1,175

Source: NH Wesley Chapel Application, p. 130.

New Market Capture from Competitors (Table Q.7): By 2032, Novant projects capturing 10.0 percent incremental market share. This represents entirely new patients currently served by non-Novant providers.

Table Q.7 Incremental Share of Discharges To Be Served at NH Wesley Chapel

	Incremental Share			Projected Discharges Based on Incremental Share		
	2030	2031	2032	2030	2031	2032
Union Co.	2.5%	5.0%	10.0%	341	697	1,424

Source: NH Wesley Chapel Application, p. 131.

When comparing convenience volume shifting from Novant facilities to this new market capture from competitors, new market capture discharges are higher in 2032 (1,424 compared to 1,175). This represents greater than half of NH Wesley Chapel's projected volume deriving from new market capture rather than convenience shifting of existing Novant patients in Project Year 3 (10.0 percent out of 18.2 percent total market share = 54.9 percent). This undermines Novant Health's repeated

assertions throughout the application that convenience and accessibility are the primary drivers of the projected utilization.

If convenience and accessibility for its patients were truly the primary factors driving utilization at NH Wesley Chapel, Novant Health should project significantly higher percentages of existing patients shifting to the proposed facility. Instead, Novant projects that only 25 percent of its current Union County patients among its defined cohort – or only 1,175 of its cohort total of 4,700 patients – would shift to the new, more convenient location by Project Year 3 (2032). This modest shifting percentage is inconsistent with claims that Union County patients are currently experiencing substantial geographic barriers to Novant Health services.

This methodology logic is consistent with Novant Health's documented pattern of unreasonable market share assumptions in previous CON applications for de novo community hospitals, which have resulted in Agency findings of non-conformity. In the 2024 Wake County Acute Care Bed and OR Review, Novant's application to develop Novant Health Knightdale Medical Center (Project ID # J-012534-24) was found non-conforming with Criterion 3, with the Agency Findings stating that the "Projected market share of discharges is not reasonable."

Novant Health provides no comparative data, market analysis, or quantitative support to justify the reasonableness of capturing 10 percent incremental market share from competitors. The application relies on vague qualitative factors such as "state-of-the-art design" and "patient-centered approach" without demonstrating why these factors would drive significant numbers of patients to switch from their current providers to a new, smaller community hospital.

In summary, based on the issues detailed above, the NH Wesley Chapel application is non-conforming with the review criteria established under N.C. Gen. Stat. § 131E-183, specifically Criteria 3, 4, 5, and 18a.

2. <u>Insufficient provider network expansion to support projected market share capture.</u>

Novant Health fails to demonstrate adequate provider network expansion plans necessary to support the substantial new market capture that drives the majority of projected utilization. The application's projected capture of 10 percent incremental market share by 2032, as discussed above, would likely require significant expansion of Novant Health's referring provider network in Union County to generate the patient referrals necessary to achieve such growth, yet the application provides minimal discussion of physician recruitment plans, development of new provider practices, or other provider capacity expansion efforts to support this aggressive market capture.

The disconnect between limited provider network expansion plans and aggressive market share projections raises fundamental questions about the achievability of the utilization projections. Capturing 10 percent of the market from competitors requires not only adequate provider capacity but also the types of primary care and specialty provider relationships that drive patient referral patterns and loyalty to support the new Novant Health facility. While Novant Health operates some existing medical clinics in Union County, the application fails to demonstrate how this existing network will expand sufficiently to generate the substantial new market capture projected to drive 54.9 percent of the new Union facility's utilization.

The NH Wesley Chapel application states on page 132 that projections are supported by "physician referral patterns," yet provides no evidence of changing physician referral patterns that would justify substantial new market capture. Novant Health presents no evidence of physician recruitment plans for Union County or other strategies to expand physician relationships in the county to support the projected 10 percent incremental market capture.

This inadequacy in provider network planning is consistent with Novant Health's documented pattern in previous CON applications for de novo community hospitals, which have resulted in non-conformity findings. In the 2022 Buncombe/Graham/Madison/Yancey Acute Care Bed Review, Novant's application to develop Novant Health Asheville Medical Center (Project ID # B-012230-22) was found non-conforming with Criterion 3. Novant relied on "physicians expected to provide services" to justify market assumptions, yet the Agency Findings explicitly stated that "Novant's assumptions about what percentage of acute care patients treated in Buncombe County will shift to NH Asheville are not reasonable and adequately supported." Similarly, in the 2024 Wake County Acute Care Bed and OR Review, Novant's application to develop Novant Health Knightdale Medical Center (Project ID # J-012534-24) was again found non-conforming with Criterion 3, with the Agency Findings stating that the "Projected market share of discharges is not reasonable." As previously discussed, the Agency specifically found that market share projections of 20 percent from the primary service area and 10 percent from the secondary service area were "not reasonable or supported by the application." A similar deficiency persists with the NH Wesley Chapel application: while the applicant asserts projections are based on "physician referral patterns," it provides no evidence of physician recruitment plans, documented changes in referral behavior, or other explanations of provider network expansion sufficient to justify capturing 10 percent incremental market share on a county-wide basis.

The Union County projections are even more aggressive and unreasonable than those found non-conforming in Wake County. While the Wake County application at least limited its market share assumptions to defined primary and secondary service areas, the NH Wesley Chapel application projects capturing 10 percent incremental market share across the entire Union County service area on a county-wide basis. This means Novant Health is projecting substantial market capture from every area of Union County, not just concentrated geographic zones, which would require an even more extensive provider network expansion than the geographically-limited projections that were found unreasonable in Wake County.

Though Union County differs from Wake County in that Novant Health has an existing outpatient presence in Union County and adjacent hospital facilities in Mecklenburg County, the fundamental issue remains the same: aggressive market capture projections without adequate documentation of the provider network expansion necessary to achieve such growth. The application provides no specific plans for how its existing Union County provider network will expand to generate the referrals necessary to capture 10 percent incremental market share from competitors across the entire county.

In summary, based on the issues detailed above, the NH Wesley Chapel application is non-conforming with the review criteria established under N.C. Gen. Stat. § 131E-183, specifically Criterion 3 and 7 as well as the performance standards specified in 10A NCAC 14C .3803.

3. <u>Novant Health's shifted volume projections are constrained by Mecklenburg County performance standards rather than Union County demand, contradicting the application's demand rationale.</u>

Novant Health's application projects that only 25 percent of its existing 33.0 percent Union County market share will shift to NH Wesley Chapel by Project Year 3 (CY 2032), representing 8.25 percent of total Union County Core Acute Care (CAC) Medical Severity Diagnosis-Related Group (MS-DRG) discharges. However, examination of Novant's own projections for its Mecklenburg County system reveals that these NH Wesley Chapel shift projections are artificially constrained by regulatory compliance concerns rather than driven by legitimate demand factors. Specifically, the projections appear deliberately designed to maintain Novant Health's Mecklenburg County system occupancy at or near the 78.0 percent performance standard established in 10A NCAC 14C .3803.

Per Exhibit Q of the NH Wesley Chapel application, Novant Health's Mecklenburg County system-wide occupancy in CY 2033 (Project Year 3 for Novant's concurrent 2025 Mecklenburg County bed applications) is projected to be 78.9 percent without NH Wesley Chapel shifts, just over the 78.0 percent performance standard threshold.[3] When the projected shifts to NH Wesley Chapel are applied, as documented in the Discharge Shift Analysis in Exhibit Q, Novant Health's projected Mecklenburg County system occupancy declines to 78.02 percent, essentially equivalent to the 78.0 percent performance standard.

This represents a **margin of only 0.02 percentage points** between projected occupancy and the regulatory threshold. Any material increase in patient shifts from Mecklenburg County to NH Wesley Chapel would drop Novant's system-wide occupancy rate in Mecklenburg County below the 78.0 percent performance standard, thereby triggering non-conformity with applicable performance standards. This mathematical reality demonstrates that Novant's shift projections are constrained not by demand factors, but by careful design for compliance with regulatory requirements external to Union County.

Despite projecting gradual market share increases from 15 percent in Project Year 1 (CY 2030) to 20 percent in Project Year 2 (CY 2031) to 25 percent in Project Year 3 (CY 2032) in its NH Wesley Chapel application, Novant provides no explanation for why market share shifts plateau at these levels and remain flat from CY2032 to CY2033. The NH Wesley Chapel application contains no discussion of why increasing market penetration would halt in the third project year and remain constant thereafter, nor does it provide any justification for this assumption.

This plateau seemingly contradicts the assumptions and methodology Novant has laid out in its application. Based on the assumptions and methodology outlined by Novant, one would reasonably expect market share to continue to grow beyond the third operating year. Yet Novant Health projects that shifts remain flat at CY 2032 levels through CY 2033 and beyond, without any acknowledgment of this limiting assumption or explanation for why continued growth would not occur.

---

[3] On June 16, 2025, Novant Health filed two concurrent applications in the 2025 Mecklenburg County acute care bed review. Novant Health Huntersville Medical Center, LLC and Novant Health, Inc. filed to develop 50 additional acute care beds at Novant Health Huntersville Medical Center (NHHMC), Project ID # F-012659-25, and The Presbyterian Hospital and Novant Health, Inc. filed to develop 120 additional acute care beds at Novant Health Presbyterian Medical Center (NHPMC), Project ID # F-012660-25. Both projects included a Project Year 3 of CY 2033.

Projected Discharges Shifted to NH Wesley Chapel, CY30-CY33

Calendar Year	*Projected Discharges Shifted to NH Wesley Chapel*
CY 2030	675
CY 2031	920
CY 2032	1,175
CY 2033	1,175

Source: 2025 NH Wesley Chapel CON Application, Exhibit Q

The identical projection for CY 2032 and CY 2033, with no increase despite the facility entering its fourth year of operation, is unexplained. The absence of any explanation for this plateau raises serious questions about the reliability of the entire projection methodology and suggests that the plateau reflects an artificial limit rather than realistic market dynamics.

Novant Health's application repeatedly asserts that demand for NH Wesley Chapel is driven by patient needs and market factors. On page 130, the application states that enhanced geographic access will result in patient shifts to the proposed facility. The application further claims that the proposed facility will improve access by "providing a more conveniently located option within Union County" and that "lower-acuity patients can be appropriately served at NH Wesley Chapel, thereby freeing capacity at existing facilities to accommodate higher-acuity and specialized cases." The application argues that this approach represents balanced system-wide growth that will relieve capacity constraints at Novant Health's Mecklenburg County facilities.

If convenience and geographic access for current Novant patients were genuine primary drivers, market share would likely continue to grow as the facility matured and became more established in the market. If demand were truly market-driven and not constrained by factors regarding Novant's own interests, shifts would not plateau in Project Year 3 without explanation or justification.

The fact that Novant Health's projected shifts align precisely with what is necessary to maintain Mecklenburg County system occupancy at 78.0 percent – and cease growing when further growth would violate that standard – demonstrates that the projections are driven by regulatory constraint, not market demand. Novant Health cannot simultaneously claim that Union County patients face substantial unmet demand for acute care services requiring a new 32-bed hospital while restricting patient shifts to levels deliberately capped to protect Mecklenburg County compliance. This contradiction undermines the credibility of Novant Health's entire demand narrative. Throughout the application, Novant Health asserts that Union County patients face substantial unmet need requiring a new 32-bed hospital, yet their own projections tell a different story – one constrained not by Union County healthcare needs, but by careful calibration to maintain Novant Health's regulatory compliance in Mecklenburg County.

In summary, based on the issues detailed above, the NH Wesley Chapel application is non-conforming with the review criteria established under N.C. Gen. Stat. § 131E-183, specifically Criteria 3, 4, 5, and 6.

4. <u>Novant Health's projected market share shift contradicts its own standards for reasonable projections.</u>

As previously discussed, Novant Health's application projects that "a portion of its current share in the service area" will shift to the proposed NH Wesley Chapel hospital based on "enhanced geographic access" and "convenience." However, in the 2024 HSA III Fixed PET Review, Novant Health criticized Atrium Health Pineville's methodology for relying on this type of assumption:

> In its Form C Utilization on page 127, Atrium Health states that it "reasonably assumes that 80 percent of patients traveling to CMC from the Southern Charlotte Region for PET imaging services will shift to Atrium Health Pineville following the proposed project." Atrium Health provides <u>only one</u> factor to support this shift, *i.e.*, that AHP would provide a more convenient option for these patients. Atrium Health provides limited support for this increased convenience, only noting that most of its projected patient population is geographically closer to AHP than CMC and that CMC has capacity constraints. However, Atrium Health fails to demonstrate that AHP would be a more clinically appropriate than CMC or that AHP would even be able to serve these CMC patients.
>
> Finally, Atrium Health provides no evidence that it has experience shifting patients in the manner proposed or that it has successfully done so in the past. It is not clear that the defined service area patients would prefer Atrium Health Pineville instead of CMC or would shift as assumed by Atrium Health.

Source: Novant's comments on Atrium Health Pineville's PET application in the 2024 HSA III PET review, Project ID # 012550-24, pages 12-14.

Applying Novant Health's own standard, the deficiencies it argued for Atrium Health Pineville exist even more so in its Wesley Chapel proposal. Novant Health Wesley Chapel, as a 32-bed community hospital with limited specialty services, cannot provide the same level of care available at many of the existing facilities in Mecklenburg County that these Union County patients currently utilize. Novant's application cites that NH Wesley Chapel would be a more convenient, acuity-appropriate option for these patients but "provides no evidence that it has experience shifting patients in the manner proposed or that it has successfully done so in the past. It is not clear that the defined service area patients would prefer [NH Wesley Chapel]…or would shift as assumed…"[4] This contrasts with Atrium Health Pineville's years of experience with shifting patients, as cited in that application. By Novant Health's own articulated standards, unsupported convenience-based market shift assumptions are insufficient to demonstrate conformity with statutory review criteria, and Novant Health cannot apply one standard to competitors while employing a more lenient standard for itself.

Therefore, applying Novant Health's own argument, its current application is non-conforming with Criteria 3, 4, 5, and the performance standards specified in 10A NCAC 14C .3803.

5. <u>Novant Health's proposed relocation of a dormant operating room contradicts claims of need.</u>

Novant Health proposes to relocate an operating room that has been dormant for over **12 years** from a facility that closed in January 2013 and has provided no surgical services, no patient care, and no access to Union County residents since that time. This pattern of prolonged non-use fundamentally contradicts Novant's current assertions of "substantial unmet need" for surgical services in Union

[4] See Novant's comments on Atrium Health Pineville's PET application in the 2024 HSA III PET review, Project ID # 012550-24, pages 12-14.

County. If such significant unmet need truly existed, Novant could have reopened this facility at any point over the past 12 years without requiring CON approval – yet chose not to do so.

Novant's explanation for the facility's closure is particularly problematic. The current application claims the facility closed "following significant flood damage in 2013." However, in its 2017 application to add a second operating room at this same location – which was denied by the Agency – Novant stated that the facility "is not operational due to the financial challenges of operating a surgery center with only one operating room." The timeline outlined in Novant's 2017 application further undermines Novant's current narrative: the facility had already closed when a water coil rupture occurred during a January 2014 polar vortex – meaning the flood damage cited in the current application actually happened after the closure and could not have been its cause.[5]

If Novant could not sustain a single-operating-room ambulatory surgery center in Union County – a much lower-cost care setting requiring far less capital investment and operational overhead – what evidence supports the assumption that Novant can successfully operate a full-service 32-bed hospital with a single-operating room in the same county? In its 2017 application, Novant asserted that it "…was experiencing difficulty attracting surgeons to a surgical facility with only one operating room and after several years of operation, Novant Health determined that a freestanding ambulatory surgical facility with only one operating room could not be financially viable." However, Novant could have reopened this facility at any time with unlimited procedure rooms without CON approval, yet failed to do so. In fact, in the current proposal, Novant includes five procedural spaces for a total of six hospital-based surgical spaces at NH Wesley Chapel. This demonstrates that the primary issue was **not** financial challenges, flood damage, or even regulatory constraints, but rather something else like lack of physician support, patient demand, or Novant's commitment to serving Union County's surgical needs. The fact that Novant now attributes the closure solely to flood damage, without acknowledging the financial challenges it cited in 2017, raises concerns about whether the current application provides a complete and accurate basis for evaluating this proposal. By omitting the financial circumstances that Novant itself previously identified as the reason for closure, the application obscures relevant information about the viability of surgical services at the proposed facility.

Novant's stated rationale for the current project directly mirrors arguments made in its 2017 application, yet the intervening years of inaction undermine these claims. The 2017 application asserted the surgery center's purpose was to provide "a more cost effective and accessible location for residents of Union County currently using Novant Health surgical facilities" in Mecklenburg County. The current application echoes this nearly verbatim: "Improve access to surgical services for Novant Health's Union County patients, who currently must travel to Matthews, Charlotte, or other surrounding areas for many procedures." This repetition of the same access argument across applications filed eight years apart – while the surgical facility and operating room remained closed throughout – raises questions about the sincerity of Novant's claimed commitment to increasing access for Union County patients.

Further, Novant's current application contains demonstrably false statements about responsible stewardship. The application claims this "relocation exemplifies Novant Health's responsible management of existing resources, ensuring that licensed surgical capacity remains available to meet community needs." This assertion is absurd – the surgical capacity has not "remained available" but

[5] See Project ID # F-11343-17, pages 23-24.

rather has been completely unavailable to Union County residents for 12 years. Responsible resource management would have meant either utilizing this asset to serve patients or surrendering the license so another provider could meet community needs. Instead, Novant warehoused a dormant license while simultaneously claiming Union County residents face substantial unmet surgical needs.

Similarly, Novant claims the proposal will "preserve and repurpose the licensed OR capacity that has previously served Union County residents." Novant Health cannot credibly claim to "preserve" something that has not existed functionally for over a decade. The Agency should give no weight to arguments about "preserving" this dormant resource when Novant has demonstrated through 12 years of inaction that it has no genuine commitment to providing surgical services in Union County. This application fails to satisfy Criteria 3 and 4, as it does not demonstrate need based on reasonable projections nor present the most effective alternative for meeting a legitimate need in Union County.

In summary, based on the issues detailed above, the NH Wesley Chapel Novant Health application is non-conforming with the review criteria established under N.C. Gen. Stat. § 131E-183, specifically Criteria 3, 4, and 5. The NH Wesley Chapel application should not be approved.

6. <u>Inadequate medical staff and specialty coverage to support hospital operations.</u>

Novant Health fails to demonstrate the availability of adequate medical staff and specialty providers necessary to deliver the comprehensive range of services proposed at NH Wesley Chapel. Based on an assessment of Novant Health's Union County physician network, the system has significant gaps in surgical and specialty coverage that would be necessary to support the scope of services outlined in the application. These gaps include limited surgical coverage beyond orthopedics and sports medicine, no apparent coverage in general surgery, ENT, neurosurgery, or other acute surgical specialties, and specialty coverage concentrated primarily in primary care, cardiology, and OB/GYN.

The inadequacy of specialty support is evidenced by Novant Health's own documentation. In Exhibit I.2, Novant Health includes letters of support that are notably missing support from key specialties needed for a community hospital providing the range of services proposed. In Exhibit C.1-1, Novant Health provides a list of Major Diagnostic Categories (MDCs) and DRG codes that it expects to offer at NH Wesley Chapel. For example, the list includes MDCs with large numbers of DRGs, such as:

- MDC 1 (Nervous System Disorders) with 16 DRG codes including stroke, seizures, degenerative nervous system disorders, and other neurological cases requiring both medical and surgical capabilities;
- MDC 6 (Diseases of the Digestive System) with 16 DRG codes covering comprehensive gastrointestinal services including major small and large bowel surgical procedures and major esophageal and gastrointestinal disorders; and
- MDC 7 (Hepatobiliary System & Pancreas) covering liver, pancreas, and biliary services.

Despite proposing to provide such specialty services, Novant's support letters feature mainly Novant Health employed primary care, pediatrics, and OB/GYN providers in Union County, with a notable lack of support from key specialties, particularly surgical service lines. The application includes no support letters from any general surgery or gastroenterology providers in Union County. The few specialty support letters for neurosciences, vascular surgery, and oncology are from Novant Health vice presidents in Winston-Salem rather than from providers or provider groups in the Union County area. Only one surgical group, Surgical Specialists of Charlotte, provided a letter of support, and this group

has locations in Mecklenburg County in addition to South Carolina with no current presence in Union County. Moreover, Novant provided 10 letters from pediatric providers despite not affirming that pediatric services will be provided at the 32-bed hospital; this mismatch between support letters and proposed services is misleading, further demonstrating the lack of meaningful specialty support for the proposed facility's actual service scope.

The NH Wesley Chapel application acknowledges uncertainty about provider expansion, stating that "Novant Health cannot precisely predict which subspecialists will join or the specific services that will emerge," yet simultaneously projects capturing 54.9 percent of its volume from new market capture, as highlighted in the issue-specific comment above. This contradiction demonstrates a fundamental disconnect between the aggressive projections and the uncertainty surrounding the subspecialist resources necessary to deliver the comprehensive services outlined in the application.

Notably, Novant Health's track record in Union County raises questions about its ability to successfully recruit and retain surgical specialists, as evidenced by the closure and continued non-operation of Presbyterian SameDay Surgery Center-Monroe since 2013, which has failed to provide the promised surgical access to Union County residents for over a decade.

Without adequate medical staff planning to support the comprehensive range of services outlined in the application, the facility fails to demonstrate that it will meet the performance standards required under 10A NCAC 14C .3803, as the service projections lack the foundational physician support necessary for their delivery.

In summary, based on the issues detailed above, the NH Wesley Chapel application is non-conforming with the review criteria established under N.C. Gen. Stat. § 131E-183, specifically Criteria 3, 4, 5, 7, and 8 as well as the performance standards specified in 10A NCAC 14C .3803.

7. <u>Novant Health's use of NH Ballantyne and NH Mint Hill as benchmarks for operational projections lacks reasonable and adequate support.</u>

Novant Health fails to demonstrate the reasonableness of its use of NH Ballantyne and NH Mint Hill as the sole benchmark facilities for projecting operational metrics for the proposed NH Wesley Chapel, including length of stay, intensive care unit utilization, obstetric service metrics, and emergency department admission ratios. On pages 134-135 of the application, Novant Health relies exclusively on these two facilities to establish ICU projections. Similarly, on page 135, the application uses the same two facilities to establish obstetric projections. On pages 142-143, the application uses the same two facilities to project emergency department admission ratios. The stated methodology indicates that these facilities' historical operational characteristics serve as the basis for determining average length of stay (ALOS) and related utilization metrics, as reflected in Table Q.11. While Novant Health asserts that these facilities are "reasonable proxies" based on their size, scope of services, proximity, and operational experience, the application does not explain why comprehensive HIDI data for the entire Union County patient cohort is deemed unsuitable for these particular projections when Novant Health possesses that data and relies on HIDI data elsewhere in the application. This methodological inconsistency creates uncertainty about whether the benchmark facility selection was driven by analytical rigor or by which approach produces more favorable projections.

More critically, NH Ballantyne and NH Mint Hill account for only 418 discharges within Novant Health's Core Acute Care (CAC) Medical Severity Diagnosis Related Group (MS-DRG) patient cohort in the

service area, compared to 3,959 total Novant Health CAC MS-DRG discharges in the Union County service area as reported in Table Q.5 on page 130. This represents only 10.6 percent of Novant Health's total service area discharges – a small fraction of the patient population that Novant Health projects will shift to or utilize the proposed NH Wesley Chapel facility. The application does not explain this methodological choice or address whether the characteristics of the 10.6 percent of patients at these two facilities reasonably represent the 89.4 percent of patients at Novant Health's other facilities. This failure to explain the selection of such a narrow population subset to justify facility-wide projections undermines the reliability of the methodology.

Most troublingly, Novant Health possesses and has access to comprehensive, facility-specific data through the Health Information and Data Information (HIDI) database for the entire cohort of Union County patients it serves and proposes to serve, yet chooses not to utilize it for these critical operational projections. The applicant's own inconsistent application of data sources within the same application indicates that it has rejected HIDI data for benchmark purposes. Beginning on page 137, Novant Health uses HIDI data to project the percentage of surgical versus non-surgical discharges within the CAC MS-DRG cohort. If NH Ballantyne and NH Mint Hill represent appropriate benchmarks for calculating obstetric, intensive care unit, and emergency department metrics, the applicant should explain why it abandons this benchmark approach and resorts to HIDI data when projecting surgical versus non-surgical discharge percentages. Conversely, if HIDI data is sufficiently robust and representative for surgical-versus-nonsurgical projections, the same comprehensive data should apply to other utilization metrics, such as obstetrics. In other words, the HIDI data that Novant possesses to calculate the surgical versus non-surgical discharges also includes the actual number of obstetric discharges. The inconsistent application of data sources raises concerns about whether the methodology was selected based on analytical rigor or on which approach produces more favorable projections.

Novant Health asserts throughout the application that Union County residents who currently utilize Novant Health services (primarily at facilities in Mecklenburg County) will shift their care to NH Wesley Chapel upon the hospital's opening. Yet the application does not provide comparative utilization data, including average length of stay, ICU utilization rates, or obstetric service metrics, for the actual Union County patient cohort that Novant Health claims will be served by the proposed hospital. This omission is particularly problematic because the characteristics of the Union County patient population may differ materially from the patient populations at NH Ballantyne and NH Mint Hill. Without transparent presentation of HIDI data specific to Union County patients currently served by Novant Health, the Agency cannot reasonably assess whether the assumptions underlying the projected utilization, days of care, and service intensity are appropriate, reasonable, and adequately supported.

The selective use of benchmark facilities raises the concern that Novant Health has engaged in methodological cherry-picking to generate more favorable length of stay and utilization metrics for the proposed facility. If Novant Health had used HIDI data to calculate average length of stay and ICU and obstetric utilization rates across the entire Union County service area patient cohort, these metrics might be materially lower than those projected based on NH Ballantyne and NH Mint Hill alone. Higher ALOS and ICU and obstetric utilization assumptions, in turn, would inflate the projected days of care and the corresponding need for beds at NH Wesley Chapel.

In the absence of transparent analysis demonstrating that NH Ballantyne and NH Mint Hill appropriately represent the Union County patient cohort that will utilize NH Wesley Chapel, or that

these facilities constitute the only available sources of utilization data, the financial projections underlying the proposed facility's need cannot be deemed to rest on reasonable and adequately supported assumptions. Because Novant Health possesses HIDI data for the entire Union County patient population but has chosen not to utilize it for other projections – despite using it elsewhere in the application – the application fails to demonstrate that its projections are reasonable and adequately supported.

In summary, based on the issues detailed above, the NH Wesley Chapel application is non-conforming with the review criteria established under N.C. Gen. Stat. § 131E-183, specifically Criteria 3 and 5.

8. <u>Novant Health's Application contains significant scope and facility design inconsistencies that undermine the credibility and conformity of the proposal.</u>

The application contains material discrepancies between the line drawings, outlined scope of services in Section C.1, and Form C projections for key components of the proposed facility. These inconsistencies demonstrate a lack of careful planning and raise serious questions about what services will actually be provided and what equipment will actually be utilized.

Specifically, the following inconsistencies exist:

- The line drawings show three echocardiography rooms, while Section C.1 and Form C indicate only one echocardiography unit.
- The line drawings depict three ultrasound rooms, whereas Section C.1 and Form C reference only two portable ultrasound units.
- A sixth procedure room appears on Level 01 of the line drawings that is not accounted for anywhere else in the application.

These inconsistencies render the application non-conforming with Criterion 3 and 12. When an application contains conflicting information about the scope of the proposed project across different sections, the projections cannot be considered reasonable and adequately supported. The discrepancies between the architectural drawings, Section C.1, and Form C undermine the credibility of the application and call into question whether the applicant has adequately planned the project, has proposed the most reasonable means of construction, or can reliably demonstrate the need the population has for the services proposed.

Thus, Novant Health's application is non-conforming with Criteria 3 and 12.

9. <u>Zoning and infrastructure feasibility issues are not adequately addressed in the application.</u>

On page 102, Novant Health indicates the property at 4719 Weddington Road is currently zoned as "R-40, which is Low Density Residential," which "will require Novant Health to rezone the property if awarded the Certificate of Need." The zoning verification provided in Exhibit K.4 confirms that medical office and healthcare use is not an allowed use under current zoning.

The proposed site has a significant history of failed rezoning attempts that raise concerns about feasibility. In 2024, Union County commissioners unanimously denied a rezoning request for this same property due to substantial stormwater and traffic concerns, even after the developer responded to

county feedback with significant mitigation measures including lower density housing; road improvements to mitigate traffic impacts; community age restrictions to limit impacts on Union County schools and further reduce traffic; and a stormwater system designed to withstand a 100-year storm event. This denial followed an earlier 2019 attempt by another developer to rezone the site, which was also rejected.[6]

These challenges appear to reflect deeper, systemic infrastructure deficiencies rather than site-specific issues that can be readily mitigated. The Wesley Chapel Village Council – the governing body of Wesley Chapel – formally recognized that "…high density development puts a burden on public infrastructure and has led to growth outpacing needed improvements and investments in our community…The Village of Wesley Chapel continues to experience unprecedented flooding in the area proposed for this development along Twelve Mile Creek, its tributaries, and Molly Branch, and is currently collaborating with the county and Indian Trail to mitigate flooding that is causing significant concerns and garnering much attention by both residents and state agencies."[7] While Novant Health references its successful rezoning experience in Charlotte, the application does not address the specific challenges presented by this particular site's history in Union County, nor does it indicate any efforts that have been undertaken to date by Novant Health to address these issues that would support the assumption that it would be able to successfully have the site rezoned when others have failed.

Furthermore, Novant Health's representations regarding the site's suitability are inconsistent with publicly documented county concerns. In Section E of its application, Novant Health asserts that the proposed site "offers sufficient available watershed capacity, ensuring that the facility can be developed in compliance with stormwater and environmental regulations." However, the 2024 rezoning denial was based on substantial stormwater concerns, and Union County commissioners unanimously denied the rezoning request even after the prior developer responded with substantial mitigation measures, including a stormwater system designed to withstand a 100-year storm event. This inconsistency raises questions about the accuracy of Novant Health's watershed capacity assessment.

The zoning challenges at this site must be understood within the broader context of Union County's critical infrastructure deficiencies. For example, Union County is currently experiencing a wastewater capacity crisis that has become a significant barrier to development. The Union County Chamber of Commerce has formally recognized this, calling for immediate action in a resolution published in May 2023, noting that "Union County's lack of wastewater capacity has become a crisis for business development."[8] This crisis is relevant to the proposed project because the wastewater infrastructure expansion process is lengthy – typically 8 to 10 years from initial permitting to completion of a new facility, and around three years for expansion of an existing facility. Those familiar with Union County would recognize that infrastructure capacity requires careful planning and coordination with long-term county improvement initiatives. Any major development requiring significant wastewater capacity – like NH Wesley Chapel – faces county-wide limitations that cannot be readily addressed, raising questions about whether the necessary infrastructure will be available to support this project even if zoning approval is eventually obtained. In light of this, Novant Health's assertion that utilities

6 Union County Weekly (2024). "Union County denies Dickson Farm rezoning"

7 Union County Weekly (2024). "Wesley Chapel may speak out against Union County rezoning"

8 Union County Chamber of Commerce (2023). "Resolution calling for immediate action to address the wastewater capacity crisis in Union County"

are "readily available" and that costs for utility enlargement are "included in the NH project costs if deemed necessary" does not adequately document that the applicant is even aware of these issues, nor does it explain how the applicant plans to address these significant county-wide challenges.

In contrast to the lack of Novant Health's experience in Union County, Atrium Health's experience in Union County, including Atrium Health Union West which opened in 2022, demonstrates that zoning and infrastructure constraints related to water, wastewater, sewer, and stormwater management require extensive coordination with Union County authorities and can significantly impact both project costs and timeline.

Given the repeated denials for development at this location and the substantial infrastructure concerns that led commissioners to reject even a well-mitigated residential proposal, it is unclear whether Novant Health's two-year runway prior to construction is sufficient to obtain the necessary zoning approvals and complete any required site preparation work. This concern is particularly acute since the application does not discuss these documented site-specific challenges or how they will be addressed, raising serious concerns about whether the proposed capital costs and timeline are reasonable.

In summary, based on the issues detailed above, the NH Wesley Chapel application is non-conforming with the review criteria established under N.C. GEN. STAT. § 131E-183, specifically criteria 4, 5, and 12. The NH Wesley Chapel application should not be approved.

10. <u>Questions regarding Novant Health's financial capacity to complete the proposed project given extensive concurrent capital commitments and limited liquid reserves.</u>

Novant Health's application raises serious questions regarding financial feasibility given the system's significant portfolio of concurrent capital projects and the limited liquid reserves available to support them. While Novant Health claims to have adequate accumulated reserves, a closer examination of the system's financial position reveals concerning patterns of capital overextension that call into question whether the system has demonstrated adequate financial resources to complete all proposed projects, including the NH Wesley Chapel hospital.

Over the past several years, Novant Health has proposed an unprecedented volume of major capital projects across the Carolinas. As documented in Novant Health's FY2024 audited financial statements, the system has committed substantial accumulated reserves to fund numerous hospital developments, expansions, and other capital initiatives. Based on an analysis conducted, the cumulative scale of these commitments is substantial: Novant Health has approximately three billion dollars in capital projects from CONs in recent years that represent 67 percent of its total accumulated reserves of approximately 4.5 billion dollars. When combined with total working capital commitments of approximately 79 million dollars, Novant Health has committed or proposed to commit 69 percent of its accumulated reserves to these recent CON projects.

In addition to these CON projects, Novant Health has made significant hospital acquisitions that further strain its financial position. In February 2024, Novant completed a $2.4 billion purchase of three Tenet Healthcare hospitals and associated facilities in South Carolina, financed through debt rather than reserves. This acquisition increased Novant's long-term debt from $2.6 billion to $5.2 billion and raised its debt-to-total capitalization ratio from 30.2 percent to 42.6 percent. More

recently, Novant acquired Northern Regional Hospital with $137 million in commitments and a 10-year guarantee (October 2025).

While Novant Health technically possesses sufficient total accumulated reserves to fund these projects, the composition of these reserves raises questions about whether the system has adequately demonstrated the availability of funds as required under Criterion 5. As of December 31, 2024, Novant Health held approximately 644 million dollars in cash and short-term assets but approximately 3.8 billion dollars in long-term investments. The short-term liquid reserves are insufficient to cover even the one billion dollars in conditionally approved projects, let alone the full portfolio of proposed capital commitments.

Funding the proposed NH Wesley Chapel project – along with the system's other concurrent capital commitments – would likely require Novant Health to liquidate substantial portions of its long-term investment portfolio. While health systems routinely include long-term investments when demonstrating available capital, the scale of liquidation required here – combined with the concurrent timing of multiple major projects – raises questions about financial prudence. Questions remain about whether converting such significant portions of long-term investments would impact the system's financial stability, bond ratings, or ability to maintain adequate reserves for unexpected operational challenges. Long-term investments typically serve critical strategic purposes including maintaining bond ratings, providing financial reserves for operational challenges, and generating investment income that supports ongoing operations.

The proposed NH Wesley Chapel project does not exist in isolation but represents one component of an extensive portfolio of major capital projects that Novant Health is attempting to develop simultaneously or in rapid succession. The cumulative effect of these overlapping projects creates a compounding financial burden that raises questions about the risk of capital overextension.

The application does not provide an analysis of how the cumulative capital requirements and initial operating losses across Novant Health's various concurrent projects may affect the system's overall financial position, its ability to maintain investment-grade bond ratings (which would affect the cost of capital for the organization), or its capacity to continue funding all approved projects and projects under appeal while also completing new projects like NH Wesley Chapel. The absence of such analysis is particularly concerning given the magnitude of capital at risk and the extended timeline over which these projects will require ongoing financial support.

Given the scale of Novant Health's concurrent capital commitments, the limited liquidity of the system's reserves, and the absence of analysis addressing how the cumulative burden of multiple simultaneous projects affects financial feasibility, questions remain about whether Novant Health has adequately demonstrated compliance with Criterion 5.

In summary, based on the issues detailed above, the NH Wesley Chapel application is non-conforming with the review criteria established under N.C. Gen. Stat. § 131E-183, specifically Criteria 3, 4, 5, 6, 7, 8, 12, and 18a, as well as the performance standards specified in 10A NCAC 14C .3803. The NH Wesley Chapel application should not be approved.

COMPARATIVE ANALYSIS

The NH Wesley Chapel application (Project ID # F-012717-25), the AH Union application (Project ID # F-012701-25), and the AH Union West application (Project ID # F-012707-25) each propose to develop acute care beds in response to the *2025 SMFP* need determination for Union County. Given that these applications propose to meet all or part of the need for the 136 additional acute care beds in Union County, they cannot all be approved as proposed. To determine the comparative factors that are applicable in this review, CMHA examined recent Agency findings for competitive acute care bed reviews. Based on that examination and the facts and circumstances of the competing applications in this review, CMHA considered the following comparative factors:

- Conformity with Review Criteria
- Scope of Services
- Geographic Accessibility
- Historical Utilization
- Competition
- Access by Service Area Residents
- Access by Underserved Groups
    - Projected Medicare and Medicaid
- Average Net Revenue per Patient/Patient Day
- Average Operating Expense per Patient/Patient Day

CMHA believes that the factors presented above and discussed in turn below should be used by the Agency in reviewing the competing applications.

Conformity with Applicable Statutory and Regulatory Review Criteria

CMHA's applications for both AH Union and AH Union West adequately demonstrate that its acute care bed proposals conform to all applicable statutory and regulatory review criteria. In contrast, Novant Health's application for NH Wesely Chapel does not adequately demonstrate that its proposal is conforming to all applicable statutory review criteria as discussed previously. Specifically, the NH Wesley Chapel application is non-conforming with Criteria 3, 4, 5, 6, 7, 8, 12, and 18a, as well as the Criteria and Standards at 10A NCAC 14C .3803. An application that is not conforming to all applicable statutory and regulatory review criteria cannot be approved. Therefore, with regard to conformity, both the AH Union and AH Union West applications are more effective than the NH Wesley Chapel application.

Scope of Services

Today, AH Union serves as the primary healthcare hub for Union County, offering comprehensive inpatient and outpatient services from its Monroe campus and functioning as a regional referral center for AH Union West, AH Anson, and the surrounding area. AH Union West, which opened in 2022 with community-level hospital care, is rapidly expanding its scope of services to meet growing demand, as detailed in the CON application. In contrast, NH Wesley Chapel is a newly proposed 32-bed community hospital with a limited scope of services. Therefore, based on the Agency's historical application of this comparative factor – that the application proposing to provide the greatest scope of services is the more effective alternative – the AH Union application is the most effective and the AH Union West application is more effective with regard to scope of services than the NH Wesley Chapel application.

Geographic Accessibility

All three facilities are (or are proposed to be) located within Union County and are geographically accessible to the service area population. Atrium Health Union is centrally located in Monroe, providing access to residents throughout the county as a regional referral center. AH Union West is located in Stallings, serving the growing western portion of Union County. NH Wesley Chapel's proposed address is also located in Monroe, a little over seven miles west of AH Union and roughly nine miles south of AH Union West. Given that all three facilities are (or are proposed to be) located within the service area and are accessible to the population to be served, all three applications are geographically accessible. Moreover, given the close proximity, there is no distinct advantage between the three facilities in terms of location. Notably, because NH Wesley Chapel is proposed to be in Monroe – where Atrium Health Union already operates – it would not improve geographic accessibility beyond existing options. However, as described in the issue-specific comments above, significant zoning and infrastructure challenges at the proposed site could ultimately prevent NH Wesley Chapel from being developed there, rendering any assessment of its location highly uncertain.

Historical Utilization

The table below shows acute care bed utilization for existing Union County facilities based on acute care days as reported in Table 5A of the *2025 SMFP*. As reported in the *2025 SMFP,* the AH Union license (which includes AH Union West) demonstrates a deficit of 136 acute care beds.

Union County Historical Acute Care Bed Utilization

	FFY23 Acute Care Days	*ADC*	*# of Acute Care Beds*	*Occupancy Rate*	*Proj. (Surplus) / Deficit 2027*
AH Union	61,033	167.21	178	93.9%	136

Source: *2025 SMFP*

As shown above, the AH Union license demonstrates strong historical utilization with 61,033 patient days, an average daily census (ADC) of 167 patients, and an occupancy rate of 93.9 percent in FFY 2023. This occupancy rate significantly exceeds the target occupancy rate of 71.4 percent for AH Union's license (ADC between 100 to 200).

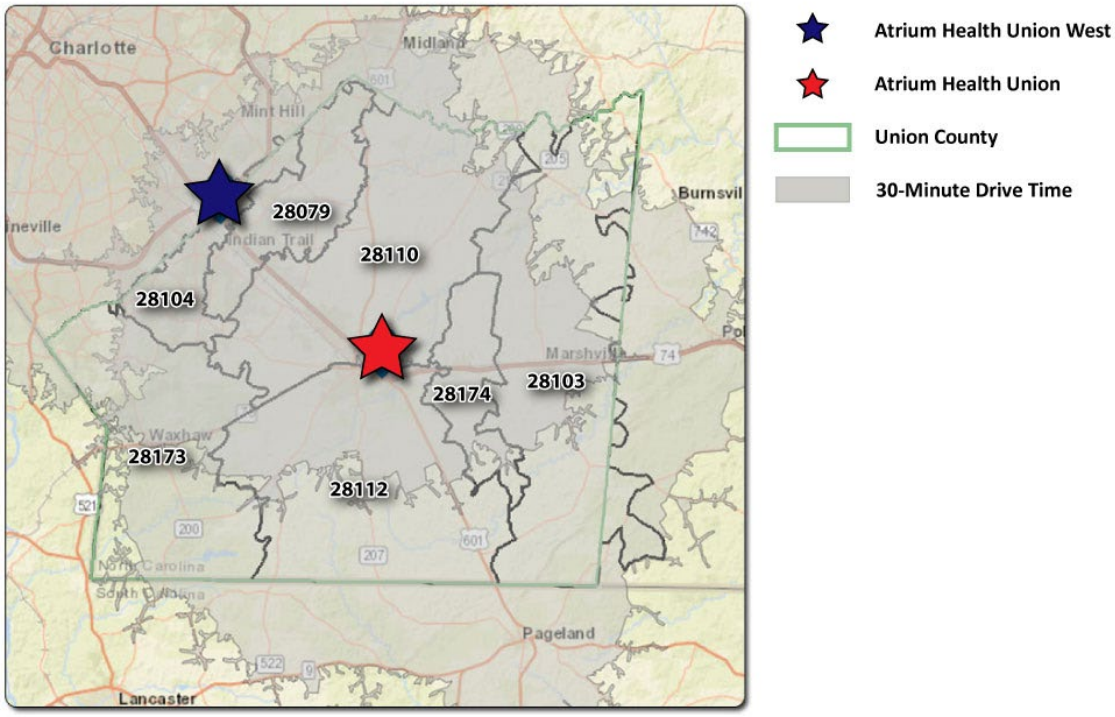
In contrast, Novant Health has no existing acute care beds in Union County and thus no historical utilization to demonstrate.

Competition

In evaluating competitive impact, proposals that increase competition in the service area are typically considered more effective. While Novant Health's proposed NH Wesley Chapel would introduce a second acute care hospital provider to Union County, two critical factors undermine its potential competitive benefits:

1. **Unnecessary resource duplication**: The drive time map below demonstrates the combined 30-minute drive time areas of Atrium Health Union and Atrium Health Union West, which shows that these facilities already provide complete coverage of Union County. With such comprehensive coverage of

the county's population through these two facilities, an additional hospital site is not needed and would likely result in unnecessary duplication of resources. Developing the proposed acute care beds at existing facilities allows for more efficient utilization of staff, equipment, and support services while maintaining the excellent geographic accessibility that Union County residents currently enjoy.



2. **Robust competition already exists**: Union County residents frequently choose from multiple providers for their acute care needs, including nearby Novant Health Matthews – located just 3.5 miles from Atrium Health Union West and 18.3 miles from Atrium Health Union – as well as other Novant Health facilities in the region. Many Union County residents are actually closer to existing Mecklenburg County facilities than the proposed Wesley Chapel facility. The proximity of these existing providers demonstrates that Union County residents have significant competitive choice for acute care services. Novant's own application acknowledges that its existing Mecklenburg County facilities capture 33 percent of Union County's core acute care (CAC) discharges.

Although introducing a new provider might typically enhance competition, the specific characteristics of the NH Wesley Chapel proposal indicate the new facility would likely undermine competitive dynamics in Union County rather than strengthen them. These include unreasonable market share projections; an operating room that has not served patients in Union County for over a decade and contradicts claims of substantial unmet need; and inadequate medical staff and specialty providers necessary to deliver the range of services proposed at NH Wesley Chapel.

Instead, the proposed facility risks creating unnecessary duplication of healthcare resources, which not only leads to market inefficiencies and higher costs but also directly contradicts the spirit and intent of the Certificate of Need statute. CMHA's proposals to expand AH Union and AH Union West represent a more effective solution to meet the identified community need while avoiding competitive harm that could result from an ill-conceived new market entrant like the proposed NH Wesley Chapel.

Therefore, Atrium Health Union and Atrium Health Union West are the more effective alternatives with regard to competition.

Access by Service Area Residents

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 Union County as a single acute care bed service area. Thus, the service area for these facilities is Union County. Facilities may also serve residents of counties not included in their service area. Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for additional acute care beds in the service area where they live.

The following table illustrates access to acute care inpatient services by service area residents during the third full fiscal year following project completion.

Projected Service to
Union County Residents – Project Year 3

Applicant Facility	*Number of Union Residents*
AH Union	6,259
AH Union West	7,889
NH Wesley Chapel	1,016

Sources: AH Union Application Section C.3.b; AH Union West Application Section C.3.b; NH Wesley Chapel Application Section C.3.c.

As shown in the table above, AH Union West projects to serve the highest number of Union County residents, followed by AH Union.

However, CMHA believes that this comparative factor would be inappropriate or inconclusive for a review of the proposed project. The ongoing need for additional acute care bed capacity located in Union County is driven not only by the residents of the county, but also by the population centers that surround Union County in both North and South Carolina. According to patient origin data submitted on license renewal applications (LRAs), less than 60 percent of patients served by Union County acute care inpatient providers originate from within the county. As shown in the table below, out-of-state patients comprise over 15 percent of total acute care admissions provided by Union County acute care providers, followed by neighboring North Carolina counties, with Mecklenburg and Anson counties each accounting for approximately 10 percent of patient origin.

Total Patient Origin for
Union County Acute Care Bed Providers

NC County/State of Origin	*2024 Percent of Total*
Union	59.5%
Other States*	16.3%
Anson	10.7%
Mecklenburg	10.6%
All Others**	2.9%
Total	**100.0%**

Source: 2025 Patient Origin Reports as compiled by NC DHSR.
*Other States includes all other states.
**All Others includes all other North Carolina counties.

Simply put, without the demand for acute care services originating from outside of Union County, there would not be a need for additional acute care bed capacity to be located in Union County. In fact, there would be a surplus of capacity.

Access by Underserved Groups

Projected Medicare and Medicaid

The table below shows each applicant's projected Medicare and Medicaid patients as a percentage of acute care utilization, as reported in Section L.3 of the respective applications.

	% Medicare	*% Medicaid*
AH Union	51.7%	21.1%
AH Union West	43.1%	17.7%
NH Wesley Chapel	44.4%	13.6%

Source: Section L.3

As shown in the table above, AH Union projects to serve the highest percentage of Medicare patients, followed by NH Wesley Chapel. AH Union also projects the highest percentage of Medicaid patients, followed by AH Union West. Therefore, Atrium Health Union is the most effective alternative with regard to access by underserved groups.

Average Net Revenue per Patient/Patient Day

The following table shows the projected average net revenue per patient day and per patient in the third year of operation based on the information provided in each applicant's pro forma financial statements (Form F.2).

Facility	Net Revenue	Patient Days	Average Net Revenue Per Patient Day	Number of Patients	Average Net Revenue Per Patient
AH Union	$73,722,213	59,967	$1,229	10,486	$7,031
AH Union West	$98,083,545	54,011	$1,816	13,327	$7,360
NH Wesley Chapel	$35,643,846	8,664	$4,114	2,888	$12,342

Source: Form F.2 and Form C utilization projections.

NH Wesley Chapel's net revenue shown above includes all services a patient receives during an inpatient stay, including inpatient surgical services, ED services provided to an admitted patient, imaging provided during an inpatient stay, and all ancillary services that an inpatient receives. Net revenue for Atrium Health Union and Atrium Health Union West shown above includes acute care bed discharges only and does not include ancillary services such as lab, radiology, or surgery that generate additional revenue for acute care inpatients. As shown in the table above, AH Union projects the lowest net revenue per patient day and per patient, followed by AH Union West.

Average Operating Expense per Patient/Patient Day

The following table shows the projected average operating expense per patient day and per patient in the third year of operation based on the information provided in each applicant's pro forma financial statements (Form F.2).

Facility	Operating Expense	Patient Days	Average Operating Expense Per Patient Day	Number of Patients	Average Operating Expense Per Patient
AH Union	$83,687,643	59,967	$1,396	10,486	$7,981
AH Union West	$88,819,263	54,011	$1,644	13,327	$6,665
NH Wesley Chapel	$27,532,595	8,664	$3,178	2,888	$9,533

Source: Form F.2 and Form C utilization projections.

NH Wesley Chapel's operating expense shown above includes all services a patient receives during an inpatient stay, including inpatient surgical services, ED services provided to an admitted patient, imaging provided during an inpatient stay, and all ancillary services that an inpatient receives. Operating expense for Atrium Health Union and Atrium Health Union West shown above includes acute care bed discharges only and does not include ancillary services such as lab, radiology, or surgery that generate additional expense for acute care inpatients. As shown in the table above, AH Union projects the lowest operating expense per patient day, followed by AH Union West. AH Union West projects the lowest operating expense per patient, followed by AH Union.

SUMMARY

As detailed in the issue-specific comments, the NH Wesley Chapel application does not conform to all the CON statutory review criteria and regulations and thus is not approvable. Even if Novant Health's application were approvable, CMHA believes that the AH Union and AH Union West applications are the more effective alternatives for the 136 additional acute care beds needed in Union County. In summary, both CMHA applications are fully conforming to all applicable statutory and regulatory review criteria and comparatively superior on the relevant factors in this review. As such, both applications submitted by CMHA should be approved and the Novant Health application should be denied.

Please note that in no way does CMHA intend for these comments to change or amend its applications filed on October 15, 2025. If the Agency considers any statements to be amending CMHA's applications, those comments should not be considered.