

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: January 23, 2025

Findings Date: January 23, 2025

Project Analyst: Chalice L. Moore

Co-Signer: Lisa Pittman

Project ID #: B-12719-25

Facility: Mission Hospital

FID #: 943349

County: Buncombe

Applicant(s): MH Mission Hospital, LLLP

Project: Acquire no more than one EP lab for a total of no more than four EP labs

REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

The applicant, MH Mission Hospital, LLLP, proposes to add no more than one Electrophysiology Lab (EP Lab) for a total of no more than three EP labs at Mission Hospital ("Mission") upon project completion.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2025 State Medical Facilities Plan (SMFP). Therefore, no need determinations are applicable to this review.

Policies

There are no applicable policies in the 2025 SMFP.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following

- The applicant does not propose to develop any new services or to offer a new institutional health service for which there are any applicable policies in the 2025 SMFP.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

The proposed equipment will be located in existing space at Mission Hospital campus. In Section C, page 34, the applicant describes the project as follows:

“Mission is proposing to establish one new EP lab in an already existing space on its campus. Mission is the only EP provider in Western North Carolina and the only provider of tertiary cardiovascular care services in the region, resulting in high utilization in its existing EP labs. To Mission’s knowledge, the next closest provider of EP services is over an hour south in Greenville, South Carolina or over an hour east in Hickory, North Carolina. As such, Mission needs expanded capacity to provide timely access to EP services for its many service area residents throughout the region.

The second floor of Mission Hospital’s existing K Tower has an interventional platform which contains Mission’s existing cath labs, EP labs, and other interventional radiology. There is unused shell space on this floor for the designated EP lab suite, which can be used for development of the additional EP lab, which is the subject of this CON application.”

Patient Origin

N.C. Gen. Stat. §131E-176(24a) states, “Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.” The 2025 SMFP does not define a service area for major medical equipment, nor are there any applicable rules adopted by the Department that define the service area for major medical equipment. In Section C, pages 41-42, the applicant defines the service area for the proposed project. The applicant states “Due to Mission’s unique position as the only tertiary cardiovascular care and EP lab provider in the service area, Mission draws from a broad regional area of western North Carolina. Based on historical patient origin, Mission serves a 16-county service area which includes a primary service area and a secondary service area.” Figures 1 and 2 on pages 42 and 43 provide names of all 16 surrounding counties. Facilities may also serve residents of counties not included in the service area.

The following table illustrates current and projected patient origin.

EP Lab Services	Mission Hospital							
	Last Full FY 01/01/2024 to 12/31/2024		1st Full FY 01/01/2027 to 12/31/2027		2nd Full FY 01/01/2028 to 12/31/2028		3rd Full FY 01/01/2029 to 12/31/2029	
Buncombe	1,064	34.0%	1,240	34.0%	1,305	34.0%	1,374	34.0%
Henderson	457	14.6%	533	14.6%	561	14.6%	590	14.6%
Haywood	240	7.7%	280	7.7%	295	7.7%	310	7.7%
McDowell	165	5.3%	192	5.3%	202	5.3%	213	5.3%
Transylvania	162	5.2%	189	5.2%	199	5.2%	209	5.2%
Macon	157	5.0%	183	5.0%	193	5.0%	203	5.0%
Madison	136	4.3%	159	4.3%	167	4.3%	176	4.3%
Jackson	125	4.0%	146	4.0%	154	4.0%	162	4.0%
Rutherford	105	3.4%	123	3.4%	129	3.4%	136	3.4%
Yancey	98	3.1%	115	3.1%	121	3.1%	127	3.1%
Mitchell	67	2.1%	78	2.1%	82	2.1%	86	2.1%
Swain	66	2.1%	76	2.1%	80	2.1%	85	2.1%
Burke	54	1.7%	63	1.7%	66	1.7%	69	1.7%
Polk	35	1.1%	41	1.1%	43	1.1%	45	1.1%
Cherokee	27	0.9%	31	0.9%	33	0.9%	35	0.9%
Graham	23	0.7%	27	0.7%	28	0.7%	29	0.7%
All Other North Carolina	59	1.9%	68	1.9%	72	1.9%	76	1.9%
North Carolina Total	3,039	97.0%	3,542	97.0%	3,728	97.0%	3,923	97.0%
Out of State	93	3.0%	109	3.0%	115	3.0%	121	3.0%
Total	3,132	100.0%	3,651	100.0%	3,842	100.0%	4044	100.0%

Source: Section C, pages 37 & 39

In Section C, page 38, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states:

“The projected patient origin by county is based upon historical patient origin for EP lab services at Mission. The historical percentage by county for CY 2024 was used to disperse EP patient volume for the first three years by county. The CY ratio of patient to EP lab visits (one patient to 1.09 EP lab visit) is applied to projected EP lab scans to derive projected patient encounters.

The applicant’s assumptions are reasonable and adequately supported because projected patient origin is based on historical patient origin at Mission, the addition of the proposed EP lab, and population growth.

Analysis of Need

In Section C, pages 46-48, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services.

The applicant states that the need for the project is based on the following factors:

High EP Utilization Rates Impact Access to Care - The applicant states, “...*The number of EP procedures have grown at a rate of 13.8% annually from CY 2020 to Annualized CY 2025. Such high utilization of EP services has resulted in capacity constraints for the existing EP labs. Currently, Mission operates its existing three EP labs at over 100% of scheduled capacity. Non-emergent EP patients are often delayed in order to prioritize STAT patients. Inpatients often face increased lengths of stay waiting for available lab time. Delays in the diagnosis of cardiac disease, and in the subsequent clarification of treatment options and prognosis, often impose profound psychosocial, professional and financial stress on patients quite independently of the risk of death and significant morbidity. Mission is clearly in need of additional EP capacity in order to ensure timely access to EP services for its patients.*” The following table demonstrates Historical EP Lab Utilization 2020-2025. (pages 46-47)

Figure 6
 Historical EP Lab Utilization 2020-2025

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	Annualized CY 2025	CAGR
EP Lab Visits	1,876	2,266	2,688	2,919	3,405	3,584	13.8%

Source: Section C, page 47

Advance in Modern EP Techniques Drive Demand -. The applicant states, “*Complex ablation procedures, such as atrial fibrillation (AFib) and ventricular tachycardia (VT) ablation, require access to modern EP software and techniques and should be performed only in hospitals, such as Mission, that are equipped and prepared to manage these types of emergencies, with access to emergency surgical support when required.*”

The applicant states that “*Mission saw a 27.7% percent increase in ablation procedures growing from 554 procedures to 1,878 procedures. It is also important to note that Mission’s ablation procedures are growing at double the rate of overall EP procedures from CY 2020 to Annualized CY 2025.*” As demonstrated in the table below. (pages 47-48)

Figure 7
Trend in EP Utilization by Case 2020-2025

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	Annualized CY 2025	CAGR
Ablation Cases	554	765	1,094	1,159	1,587	1,878	27.7%
All Other EP Procedures	1,322	1,501	1,594	1,760	1,818	1,706	5.2%
Total	1,876	2,266	2,688	2,919	3,584	3,405	13.8%

Source: Section C, page 48

Capacity Constraint Impacts Timely Access to Care - The applicant states, “*Mission’s EP labs are highly utilized and are currently operating at peak capacity. As will be described below, in annualized CY 2025, Mission’s EP labs operated at 120.9% of capacity. If EP lab utilization continues at its historical growth rate of 13.8%, Mission’s EP labs will be operated at 137.6% of capacity by CY 2026, without a 4th EP lab.*” (page-48)

New Physician Recruitment Facilitates the Need for Additional Capacity - The applicant states “*Currently, Mission employs seven EP physicians who practice in the existing three EP labs. They are looking to hire an eighth in 2027 to support the additional EP lab. Mission has specifically sought EP physicians with specialized capabilities to perform modern EP procedures such as AFib and VT ablations in order to accommodate the growth in such procedures; however, without an additional EP lab, Mission’s EP labs will experience exacerbated scheduling constraints due to inadequate available lab time for EP physicians to perform procedures. This is especially true due to the significant case time required for ablation procedures. The proposed project will alleviate scheduling and capacity constraints and ensure that there is adequate available lab time for Mission’s physicians to perform EP procedures.*” (page 48)

The information is reasonable and adequately supported based on the following:

- The applicant cites appropriate data that correlates with the population growth in the primary and secondary service area.
- The applicant’s proposal is in response to the existing capacity restraints and its effects on timely access to EP services.
- The applicant relies on growth trends and historical utilization to justify the need.

Projected Utilization

In Section C, page 49, the applicant provides historical and projected utilization, as illustrated in the following table.

	Interim Period		Project Years			
	CY2026	1/1/2026-9/30/2026	10/1/2026-12/31/2026	Year 1 CY2027	Year 2 CY2028	Year 3 CY2029
Ablation Cases	1,976	1,482	494	2,080	2,189	2,304
All other EP Cases	1,795	1,346	449	1,889	1,988	2,092
Total Cases	3,771	2,829	943	3,969	4,177	4,396
Number of EP Labs	3	3	4	4	4	4
Total Hours	7,633	5,725	1,908	8,034	8,455	8,898
% Occupancy	127.2%	95.4%	95.4%	100.4%	105.7%	111.2%

In Section Q, page 106, the applicant provides historical and projected utilization, as illustrated in the following table.

Form C.2b Projected Medical Equipment Utilization upon Project Completion EP Lab	Last Full FY 01/01/2024 To 12/31/2024	Interim Full FY 01/01/2025 To 12/31/2025	Interim Partial FY 01/01/2026 To 9/30/2026	Interim Partial FY 10/01/2026 To 12/31/2026	1 st Full FY 01/01/2027 To 12/31/2027	2 nd Full FY 01/01/2028 To 12/31/2028	3 rd Full FY 01/01/2029 To 12/31/2029
Other Medical Equipment (EP Lab)							
# of Units	3	3	3	4	4	4	4
# of Procedures	3,405	3,584	2,828	943	3,969	4,177	4,396

Source: Section Q, page 106

In Section Q, pages 107 through 109, the applicant provides the assumptions and methodology used to project utilization.

The applicant states, “*The proposed project is expected to become operational on October 1, 2026. Because Mission’s fiscal year (“FY”) aligns with the calendar year (“CY”), the first three full fiscal years of the proposed project are CY 2027, CY 2028, and CY 2029.*”

Step 1: Historical Utilization of EP Labs –

In Section Q, page 107, the applicant states, “*Mission first reviewed the historical utilization of its three existing EP labs for each year from CY 2020 to Annualized CY 2025. Over this period, EP lab volumes increased significantly, at a 13.8% CAGR, reflecting strong growth and demand.*” The table below demonstrates the EP Lab Visits Historical Utilization by Case 2020- Annualized 2025.

Figure 10
 EP Lab Visits Historical Utilization by Case 2020- Annualized 2025

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	Annualized CY 2025	CAGR
Ablation Cases	554	765	1,094	1,159	1,587	1,878	27.7%
All Other EP Procedures	1,322	1,501	1,594	1,760	1,818	1,706	5.2%
Total	1,876	2,266	2,688	2,919	3,405	3,584	13.8%

Source: Mission Hospital Internal Data (January 2020 - August 2025)

Note: CY 2025 was annualized using a straight-line basis, with 8 months of actual data.

Step 2 – Establish Growth Rate for Projections

In Section Q, page 107, the applicant states, “EP lab cases at Mission grew at a CAGR of 13.8% from CY 2020 to Annualized CY 2025. Within this growth ablation cases, representing more complex procedures, grew even faster at 27.7% CAGR. See Figure 11.

More recently, from CY 2024 to annualized CY 2025, overall EP lab volumes grew 5.2%. This slower rate demonstrates the restriction on growth based on current capacity constraints. However, to ensure conservative yet realistic projections, Mission applied this 5.2% annual growth rate for forward projections. This approach accounts for historical growth while moderating future expectations.”

The table below demonstrates the Historical EP Lab Growth Rates

Figure 11
 Historical EP Lab Growth Rates

Type	Period	CAGR
All EP Lab Visits	CY 2020 - Annualized CY 2025	13.8%
Ablation Cases Only	CY 2020 - Annualized CY 2025	27.7%
All EP Lab Visits	CY 2024 - Annualized CY 2025	5.2%

Source: Section Q, page 107

Step 3 – Project Future EP Lab Utilization

In Section Q, page 108, the applicant states, “Using the 5.2% growth rate established in Step 2, Mission projected EP lab utilization forward from Annualized CY 2025 through CY 2029 (3rd fiscal year following project completion).

Because the additional EP lab is expected to open on October 1, 2026, CY 2026 was divided into two periods:

- *Interim Period (January-September): operation with three EP labs.*
- *Projections Period (October -December): Operation with all four EP labs online.”*

The table below demonstrates the Projected EP case volumes for each year.

	Historical		Interim Years			Project Years			CAGR
	CY 2024	Annualized CY 2025	CY 2026	1/1/2026 – 9/30/2026	10/1/2026 – 12/31/2026	Year 1 CY 2027	Year 1 CY 2028	Year 1 CY 2029	
EP Cases	3,405	3,584	3,771	2,828	943	3,969	4,177	4,396	5.2%

Source: Section Q, page 108

Step 4 – Case Distribution and Capacity Assumptions

In Section Q, page 108, the applicant states, “Projected cases were allocated based on the same case distribution observed in Annualized CY 2025.”

Figure 13
 Distribution of
 Annualized CY 2025 EP Lab Cases by Type

	CY 2025
Ablation Cases	52%
All Other EP Procedures	48%
Total	100%

Source: Section Q, page 107

In Section Q, page 108, The applicant states, “Capacity for all EP labs is based on the conservative assumption that Mission’s EP labs would be operational 250 days per year, 8 hours per day, for a total available annual capacity of 2,000 hours per EP lab. Note that based on Mission’s historical experience, the average case time for ablation cases is 2.5 hours and 1.5 hours for all other EP cases. See Figure 14 below for the historical and projected capacity of Mission’s EP labs. Even with the addition of a fourth EP lab, Mission Hospital will be operating at over 100% of capacity.

	Historical		Interim Years		Project Years			
	CY 2024	Annualized CY 2025	CY 2026	1/1/2026 – 9/30/2026	10/1/2026 – 12/31/2026	Year 1 CY 2027	Year 1 CY 2028	Year 1 CY 2029
Ablation Cases	1,587	1,878	1,976	1,482	494	2,080	2,189	2,304
All other EP Cases	1,818	1,706	1,795	1,346	449	1,889	1,988	2,092
Total Cases	3,405	3,584	3,771	2,828	943	3,969	4,177	4,396
Hours per Procedure								
	Historical		Interim Years		Project Years			
Ablation Cases	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
All other EP Cases	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total Capacity in Hours								
	Historical		Interim Years		Project Years			
	CY 2024	Annualized CY 2025	CY 2026	1/1/2026 – 9/30/2026	10/1/2026 – 12/31/2026	Year 1 CY 2027	Year 1 CY 2028	Year 1 CY 2029
Capacity/Unit	2,000	2,000	2,000	2,000	500	2,000	2,000	2,000
Number of Units	3	3	3	3	4	4	4	4
Total Capacity	6,000	6,000	6,000	6,000	2,000	8,000	8,000	8,000
Total EP Year								
	Historical		Interim Years		Project Years			
	CY 2024	Annualized CY 2025	CY 2026	1/1/2026 – 9/30/2026	10/1/2026 – 12/31/2026	Year 1 CY 2027	Year 1 CY 2028	Year 1 CY 2029
Ablation Cases	3,968	4,695	4,941	3,706	1,235	5,200	5,473	5,760
All other EP Cases	2,727	2,558	2,692	2,019	673	2,834	2,982	3,138
Total Cases	6,695	7,253	7,633	5,725	1,908	8,034	8,455	8,898
% of Capacity	111.6%	120.9%	127.2%	95.4%	95.4%	100.4%	105.7%	111.2%

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s utilization projections are supported by the historical utilization of the existing EP labs at Mission.
- The applicant provides adequate support for the increase in incremental projections.

Access to Medically Underserved Groups

In Section C, page 55, the applicant states:

“Mission provides services to all persons in need of medical care regardless of race, color, religion, nationality, or ability to pay. Additionally, as the only trauma center in the region and a safety net hospital, Mission serves many underserved and uninsured individuals. Western North Carolina residents are disproportionately covered by Medicare and/or Medicaid, or are uninsured, compared to most regions of the state and nation. In fact, approximately 24.3% of Mission’s inpatient admissions are for self-pay, charity, or Medicaid patients, with 21.8% Medicaid alone, as reported on its 2025 Licensure Renewal Application. Another 53.7% of patient admissions are covered by Medicare. Mission provides robust financial assistance to individuals with no insurance, high-deductible insurance, or co-insurance plans without sacrificing quality of service -- just as it has historically done to meet the health care needs of low-income individuals.”

In Section C, page 56, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Mission Hospital Estimated Percentage of Total Patients 3rd Full Fiscal Year	
Payor Source	EP Lab Services as Percent of Total
Low income persons	4.9%
Racial and ethnic minorities	4.6%
Women	39.8%
Persons with disabilities	Not Available
Persons 65 and older	74.0%
Medicare beneficiaries	73.1%
Medicaid recipients	4.1%

*Includes Charity Care

** Including any managed care plans

Note: Payor mix presented based on FY 2018. FY 2019 data will be reported on 2019 LRA.

The projected payor mix is reasonable and adequately supported based on the following:

- Payor mix is based on the most recent actual experience at Mission as reported in the 2025 LRA.
- The projected payor source for EP lab services is consistent with historical trends.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application, and
- information publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose the reduction, elimination, or relocation of a service. Therefore, Criterion (3a) is not applicable to this review

- (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.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

In Section E, page 64, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain the Status Quo- The applicant states "*Mission could attempt to continue operating with its three (3) existing EP labs. However, this option is not sustainable. The current labs are already operating at or above capacity, creating ongoing scheduling challenges for*

physicians and patients. Simply put, the current EP lab facilities have reached a utilization breaking point and cannot accommodate the current or projected demand.” (page 64)

Add an Additional EP Lab- The applicant states, *“Given the unsustainable status quo, the only viable solution is to add an additional EP lab. Expanding EP capacity will allow Mission to:*

- *Meet the rapidly growing patient demand for advanced EP services.*
- *Alleviate scheduling constraints that are straining physicians and delaying care.*
- *Ensure patients in western North Carolina have timely access to state-of-the-art treatment close to home.*

For these reasons, the addition of a new EP lab is essential to meeting current and future community needs.” (page 64)

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The application is conforming to all statutory and regulatory review criteria.
- The applicant provides information to explain why it believes the proposed project is the most effective alternative.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. MH Mission Hospital, LLLP shall materially comply with all representations made in the certificate of need application.**
- 2. MH Mission Hospital, LLLP shall add no more than one Electrophysiology Lab for a total of no more than four Electrophysiology Labs at Mission Hospital upon project completion.**
- 3. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**

- b. The certificate holder shall complete all sections of the Progress Report form.
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.
 - d. The first progress report shall be due on July 1, 2026.
- 4. Upon completion of the project, Mission Hospital shall be licensed for no more than four Electrophysiology Labs.
 - 5. MH Mission Hospital, LLLP shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section F of the application and that would otherwise require a certificate of need.
 - 6. MH Mission Hospital, LLLP shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

Capital and Working Capital Costs

In Section Q, page 110, the applicant projects the total capital cost of the project, as shown in the table below.

Capital Costs	
Construction/Renovation Contract(s)	\$1,652,883
Architect/Engineering Fees	\$189,195
Medical Equipment	\$1,992,500
Consulting Fees (CON Preparation)	\$30,000
Other (Contingency)	\$200,000
Total	\$3,994,578

In Section C, page 65, the applicant states, “for the assumptions used to project the capital cost. Please also see Exhibit F-1.1 for vendor quotes for the proposed EP lab equipment and Exhibit K-2.2 for a certified capital cost estimate by Mission’s architect.”

In Section F, page 67, the applicant states “MH Mission Hospital, LLLP is an ongoing operation. Thus, there are no start-up costs or initial operating expenses, and no working capital is required.”

Availability of Funds

In Section F, page 65, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing		
Type	MH Mission Hospital, LLLP	Total
Loans	\$	\$
Cash and Cash Equivalents Accumulated reserves or OE	\$3,994,578	\$3,994,578
Bonds	\$	\$
Other		
Total Financing	\$3,994,578	\$3,994,578

Exhibit F-2.1 contains a letter dated October 8, 2025 from the CFO of HCA Healthcare, an affiliate of MH Mission Hospital, LLLP, documenting the company has sufficient funds available to develop the proposed fourth EP lab at Mission Hospital. Exhibit F-2.2 contains the audited consolidated financial statements of HCA.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three operating years of the project, as shown in the table below.

Form F.2b Projected Revenues and Net Income upon Project Completion Mission Hospital- EP	1st FFY 10/01/2027 To 12/31/2027	2ND FFY 01/01/2028 To 12/31/2028	3RD FFY 01/01/2029 To 12/31/2029
Total Cases	3,969	4,177	4,396
Total Gross Revenues (Charges)	\$755,653,828	\$852,307,984	\$961,640,252
Total Net Revenue	\$125,617,511	\$141,684,994	\$159,860,045
Average Net Revenue per Case	\$31,650	\$33,920	\$36,365
Total Operating Expenses (Costs)	\$96,603,694	\$105,513,504	\$115,310,802
Average Operating Expense per Case	\$24,340	\$25,261	\$26,231
Net Income	\$29,013,817	\$36,171,490	\$44,549,243

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant adequately demonstrates that the capital costs are based on reasonable and adequately supported assumptions.
 - The applicant adequately demonstrates availability of sufficient funds for the capital and needs of the proposal.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2025 SMFP does not define a service area for major medical equipment, nor are there any applicable rules adopted by the Department that define the service area for major medical equipment. In Section C, pages 41-42, the applicant defines the service area for the proposed project. The applicant states “*Due to Mission’s unique position as the only tertiary cardiovascular care and EP lab provider in the service area, Mission draws from a broad regional area of western North Carolina. Based on historical patient origin, Mission serves a 16-county service area which includes a primary service area and a secondary service area.*” Figures 1 and 2 on page 42 provide names of all 16 surrounding counties. Facilities may also serve residents of counties not included in the service area.

In Section G, page 74, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved electrophysiology services in the 16-county service area. The applicant states:

“...Mission is the only provider of EP lab services in the service area; therefore, there will be no unnecessary duplication of the service component in the service area. The addition of a fourth EP lab will serve only to reduce capacity constraints currently faced by Mission.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area because the applicant

adequately demonstrates that Mission is the only provider of EP lab services in the service areas and that the EP lab services are needed in addition to the existing or approved services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

In Section Q, page 115, the applicant provides current and projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Current As of 8/31/2025	1 st FFY	2 nd FFY	3 rd FFY
Register Nurses (RNs)	12	17	17	17
Director of Nursing	1	1	1	1
Surgical Technicians	6	6	6	6
Radiology Technologists	9	11	11	11
Business Office	1	1	1	1
TOTAL	29	36	36	36

The assumptions and methodology used to project staffing are provided in Section Q. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3, which is found in Section Q. In Section H, pages 76 through pages 79, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower, staff recruitment, and staff training to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

Ancillary and Support Services

In Section I, page 80-81, the applicant identifies the necessary ancillary and support services for the proposed services. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant identifies the existing ancillary and support services provided at Mission Hospital to the patients for the proposed services.
- The applicant states the existing providers will continue to provide the necessary ancillary and support services will continue to be available to the Mission Hospital patients.

Coordination

Mission Hospital is an existing facility. In Section I, pages 81 and 82, the applicant states;

“Long-standing transfer arrangements currently exist between Mission Hospital and the many healthcare providers in western North Carolina and surrounding regions. Mission Hospital accepts transfers from all hospitals in the 18-county western North Carolina service area. Mission Hospital expects these arrangements to continue. Patients may be transferred from other hospitals, physician offices, urgent care centers, and post-acute care centers. The transfer may involve air or ground ambulance, or other ground transport vehicles.”

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
 - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
 - (iii) would cost no more than if the services were provided by the HMO; and
 - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.

- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

In Section K, page 84, the applicant states the project involves renovating 2,460 square feet of existing space. The existing space will be renovated to accommodate the EP procedure room, control room, dictation room, equipment room and sample storage room. Line drawings are provided in Exhibit K.2.1

On pages 84 and 85, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal based on the fact that the proposed upfit involves modifying an existing space to accommodate the new EP procedure room, ensuring full compliance with current building codes and regulatory guidelines. In addition to meeting technical requirements, the project will also improve the visual and functional aspects of the imaging suite, enhancing the overall patient experience.

On page 85, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- This project will not increase Mission Hospital's cost of care, nor will it result in higher charges to the public. In fact, it will enhance service efficiency within the hospital's radiology department by expanding EP capacity and enabling care for complex patients who cannot be adequately served on a timely basis by the existing EP capacity. The project will enhance operational efficiency and improve patient access to care, ultimately improving patient safety and experience—without increasing the cost of services or patient charges.

On page 85, the applicant states the, *“Proposed design will incorporate the following energy efficiency measures and exceed the minimum requirements of 2018 North Carolina State Energy Conservation Code, for energy efficiency and compliance. Mission Hospital is managed by computerized energy and building management systems designed for the most effective and efficient operation. The engineer's letter outlining the project compliance with federal, state, and local requirements for energy efficiency and consumption can be found at Exhibit K-3.1.”*

Supporting documentation from the architect indicates this is the most cost-effective way to design this project in Exhibit F.1.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as

medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], 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 the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

In Section L, page 89, the applicant provides the historical payor mix during last full fiscal before submission of this application for the proposed services, as shown in the table below.

Mission Hospital, EP Lab Services Historical Payor Mix 01/01/2024 to 12/31/2024	
Payor Source	EP Lab Services as Percent of Total
Self-Pay	0.2%
Charity Care	0.7%
Medicare	73.1%
Medicaid	4.1%
Insurance	17.3%
TRICARE	0.3%
Other	4.3%
Total	100.0%

** Including any managed care plans

In Section L, page 90, the applicant provides the following comparison.

Mission Hospital EP Lab Services	Last Full Fiscal Year	
	Percentage of Total Patients Served	Percentage of the Population of the Service Area *
Female	39.8%	51.8%
Male	59.3%	48.2%
Unknown	0.9%	0.0%
64 and Younger	26.0%	78.2%
65 and Older	74.0%	21.8%
American Indian	1.0%	0.6%
Asian	0.5%	1.5%
Black or African-American	3.0%	6.0%
Native Hawaiian or Pacific Islander	0.0%	0.2%
White or Caucasian	94.3%	89.4%
Other Race	0.0%	2.3%
Declined / Unavailable	1.1%	Not Applicable

*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 91, the applicant states that the facility is not obligated under any applicable federal law to provide uncompensated care. *“However, Mission Hospital and the HCA Mission Health System have several policies relating to financial assistance, including a Charity Financial Assistance Policy for Uninsured and Underinsured in Exhibit L-2.1. Mission Hospital abides by this same policy”*.

In Section L, page 93, the applicant states that *“On February 24, 2024, Disability Rights North Carolina alleged that a patient was being subjected to abuse related to unlawful mechanical restraint. Records were supplied to Disability Rights North Carolina on 2/26/2024. Additionally, North Carolina Department of Health and Human Services (DHHS) reviewed this patient's record during a recent hospital survey that concluded on May 23, 2024. No opportunities for improvement were identified regarding the care of this patient by DHHS. No additional actions are required at this time.”*

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

In Section L, page 93, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Mission Hospital, EP Lab Services Historical Payor Mix 01/01/2029 to 12/31/2029	
Payor Source	EP Lab Services as Percent of Total
Self-Pay	0.2%
Charity Care	0.7%
Medicare	73.1%
Medicaid	4.1%
Insurance	17.3%
TRICARE	0.3%
Other	4.3%
Total	100.0%

Including any managed care plans

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.2% of total services will be provided to self-pay, 0.7% charity care patients, 73.1% to Medicare patients and 4.1% to Medicaid patients.

On page 93, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- Payor mix is based on the most recent actual experience at Mission.
- The projected payor source for EP lab services is consistent with historical trends.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated above.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section L, page 94, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

In Section M, pages 96-98, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant provides documentation of existing health professional training programs in the area for which it already provides access at Mission Hospital.
- The applicant states it will continue to provide access to Mission Hospital as it has in the past for education purposes.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately demonstrates that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore, the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.
(16) Repealed effective July 1, 1987.
(17) Repealed effective July 1, 1987.
(18) Repealed effective July 1, 1987.

- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

C

The applicant proposes to add one Electrophysiology Lab (EP Lab) for a total of four EP labs upon project completion.

N.C. Gen. Stat. §131E-176(24a) states, “*Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.*” The 2025 SMFP does not define a service area for major medical equipment, nor are there any applicable rules adopted by the Department that define the service area for major medical equipment. In Section C, pages 41-42, the applicant defines the service area for the proposed project. The applicant states “*Due to Mission’s unique position as the only tertiary cardiovascular care and EP lab provider in the service area, Mission draws from a broad regional area of western North Carolina. Based on historical patient origin, Mission serves a 16-county service area which includes a primary service area and a secondary service area.*” Figures 1 and 2 on pages 41 and 42 provide names of all 16 surrounding counties. Facilities may also serve residents of counties not included in the service area.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 99, the applicant states: “*The proposed project should have no effect on competition in the service area. Mission is the only provider of tertiary and EP lab services in the region thus no other entities will be affected by the addition of a fourth EP lab at Mission. Mission is also projecting very reasonable growth in utilization in line with population growth and aging in the service area and plans to serve the same service area as before the addition of an EP lab.*”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 99-100, the applicant states, “*The proposed project will foster cost containment and improve quality of care through efficient design and implementation. As discussed throughout this application, the additional EP lab will provide Mission the flexibility to meet current and future demands for comprehensive cardiac care and ensure that its residents will continue to have readily available access to comprehensive EP services.*”

See also Sections C, F, K and Q of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.

2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.

(19) Repealed effective July 1, 1987.

(20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of six of this type of facility located in North Carolina.

In Section O, page 103, the applicant states that Mission Hospital received notification from the Division of Health Service Regulation (DHSR), Acute and Home Care Licensure and Certification ("the Agency") on October 10, 2025, regarding the identification of an Immediate Jeopardy as of September 25, 2025. The applicant states that they have not received the CMS-2567, but they have already implemented corrective actions for all items identified in the state's letter. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all six facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

(21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The applicant proposes to acquire a fourth Electrophysiology lab. There are no administrative rules that are applicable to this proposal.