



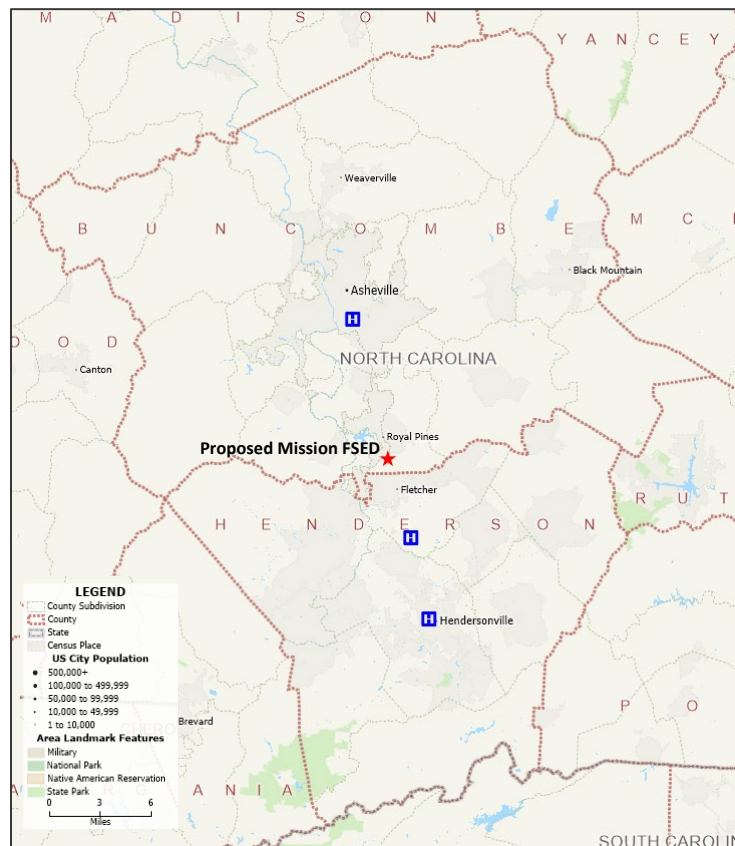
**WRITTEN COMMENTS ON PROJECT ID B-012093-21
MISSION HOSPITAL FREESTANDING EMERGENCY DEPARTMENT
SUBMITTED BY ADVENTHEALTH HENDERSONVILLE**

AUGUST 2, 2021

AdventHealth Hendersonville submits these comments in accordance with N.C. Gen. Stat. § 131E-185(a1)(1) to address the representations in the application submitted by MH Mission Hospital, LLP (Mission) to develop a freestanding emergency department (FSED), including a discussion of the most significant issues regarding the applicant’s conformity with the statutory and regulatory review criteria (“the Criteria”) in N.C. Gen. Stat. §131E-183(a). Other non-conformities in the application may exist.

General Comments

Mission proposes to develop a FSED at 2508 Hendersonville Road, Arden, NC 28704. The site is located less than one mile from the Henderson County line and less than 4.5 miles (9 minutes) from AdventHealth Hendersonville. The following map illustrates the proximity of the proposed FSED to Henderson County.



Mission projects to capture a significant portion of Henderson County market share to support the FSED. Such conjectures are potentially detrimental to the viability of Henderson County acute care facilities, including AdventHealth Hendersonville. Nearly 70 percent of AdventHealth Hendersonville's inpatient admissions originate from its emergency department.¹ Therefore, Mission's proposed disruption of established patient utilization patterns will have a negative impact on acute care utilization in Henderson County.

Moreover, Mission fails to demonstrate the need it has for the proposed FSED. Projected utilization is based on large market share gains in Henderson County where residents presently have access to two full-service emergency departments. Mission projects to serve a net increase of nearly 2,300 Henderson County ED patients by the third project year. However, as described in the following pages, the project is not needed because application lacks sufficient evidence to demonstrate conformity to multiple statutory review criteria.

Criterion 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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed."*

Mission claims it receives "high [ED] referral volume from both AdventHealth and Pardee Hospital."² However, upon examination of Mission's representations compared to publicly available ED utilization data for both AdventHealth and Pardee Hospital, Mission's attestation is grossly exaggerated. Specifically, on page 48, Figure 7, "2020 ED Referral Volume to Mission Hospital" indicates only 332 and 299 patients were referred from Advent Health and Pardee Hospital (respectively) to Mission's ED in 2020. However, according to AdventHealth's 2021 License Renewal Application (LRA), the transfer of 332 patients represents only 1.7 percent of AdventHealth's total number of ED visits during FY2020 ($332 \div 19,356$). According to Pardee Hospital's 2021 LRA, the transfer of 299 patients represents only 1.2 percent of Pardee Hospital's total number of ED visits during FY2020 ($299 \div 25,874$). In total, the transfers from AdventHealth and Pardee Hospital represent less than 1 percent of Mission's CY2020 ED patients [$(332 + 299) \div 92,180 = .0068$].³

AdventHealth would note that its hospital emergency department physicians are provided by Wake Forest Baptist Health. These leading physicians are board-certified and residency-trained in emergency medicine. Wake Forest Baptist is an internationally known leader in Emergency Medicine Care. It has one of the oldest emergency medicine training programs in the country and its research has helped shape Emergency Care across the United States. Additionally, AdventHealth Hendersonville earned the Geriatric Emergency Department accreditation awarded by the American College of Emergency Physicians to emergency departments that have developed a comprehensive approach to caring for older patients. Older adults visiting AdventHealth's ED can expect to experience:

¹ Source: 2021 License Renewal Application, FY2020: 1,976 admits from the ED \div 2,839 acute care admissions

² Application page 48

³ Application page 39 and 48

- Processes that improve the ER experience for older adults.
- Standardized approaches to care for common geriatric issues.
- Optimized transitions of care from the Emergency Department to other services such as home health, rehabilitation and long-term care.
- Better patient outcomes.

Mission’s claims regarding “high” ED referrals from AdventHealth Hendersonville are highly overstated. Mission claims the ED referrals from AdventHealth and Pardee Hospital compound Mission’s emergency resources and capacity demands. See application page 51. AdventHealth would note the Mission application contained no data or information to support the contention that Mission’s ED is experiencing capacity constraints. Mission failed to provide any information regarding ED wait times or other relevant information to demonstrate a need for additional ED capacity.

Mission states it “anticipates that the upward ED volume trend from 2017-2019 will continue from 2021 onwards.”⁴ To support this contention, Mission provides the following historical ED data.

Historical Trend in Mission ED Volume

Year	ED Volume
2017	101,200
2018	101,859
2019	107,330
% Growth	6.10%
CAGR %	3.00%

Source: Application page 51, Figure 10

However, the 2-year CAGR reflects one year of little to no growth and one year of growth. Mission’s ED volume increased only 0.7 percent during 2018. Thus, Mission failed to demonstrate a consistent historical growth trend for its ED volume.

Figure 12 on application page 52 summarizes Mission’s total ED volume by ED level from 2017 to 2019.

Mission Total Historical ED Volume by ED Level from 2017 to 2019

ED Level/CPT Code	2017	2018	2019	Net Increase 2017-2019	CAGR
ED Level 1 - 99281	406	489	1,305	899	79.3%
ED Level 2 - 99282	4,917	4,821	5,180	263	2.6%
ED Level 3 - 99283	25,075	24,802	26,560	1,485	2.9%
ED Level 4 - 99284	31,732	32,216	33,041	1,309	2.0%
ED Level 5 - 99285	37,806	38,328	40,080	2,274	3.0%
ED Critical Care - 99291	1,264	1,203	1,164	-100	-4.0%
Total	101,200	101,859	107,330	6,130	3.0%

Source: Application page 52, Figure 12

⁴ Application page 51

Mission designates its ED patient acuity by ED level which corresponds to ED CPT codes. Mission states ED Levels 1 through 3 correspond to low acuity patients. During 2017 and 2018, ED Level 1 visits reflected less than 1 percent of total ED volume ($406 \div 101,200 = .0040$; $489 \div 101,859 = .004$). Mission admits that its Level 1 low acuity ED volume “demonstrated an unusually high CAGR of 79.3 percent from 2017 through 2019.”⁵ Despite the “unusually high” growth achieved in 2019, ED Level 1 visits reflected only 1.2 percent of total ED volume ($1,305 \div 107,330$).

Of particular import, Mission failed to provide its 2017-2019 service area ED volume by ED Level to substantiate the reasonableness of potential service area patient demand to support the proposed project. Mission provided only 2019 service area ED volume by ED Level; thus, there is no evidence whether Mission has experienced an increasing or decreasing trend of low acuity ED volume from the proposed service area.

Further, as shown on application page 53, Mission’s ED volume in the proposed service area experienced a CAGR of only 2.3 percent (Figure 13) with is lower compared to the growth for Mission’s total ED volume (3.0 percent) reported in Figure 10 on application page 51.

While AdventHealth does not dispute Mission’s representations regarding projected population growth and development in the proposed service area, critical information is absent from application to support the reasonableness of Mission’s assumptions. Such information is necessary to adequately demonstrate the need the population has for the proposed FSED. Consequently, Mission should be found nonconforming to Criterion 3.

Assumptions & Methodology for Projected ED Patients

Mission’s methodology for projecting ED patients is premised on unreasonable and unrealistic assumptions. The following describes the flaws and shortcomings observed in Mission’s methodology.

Step 1: Calculate Historical Trend in Service Area ED Volume From 2017-2019

Step 1 of Mission’s methodology calculates the historical trend in service area ED volume from 2017 to 2019. The FSED service area volume trend was 2.6 percent from 2017 to 2019. See Figure 15, page 55. However, Mission’s historical trend in FSED service area was 2.3 percent from 2017 to 2019. See Figure 13, page 53. Therefore, Mission’s ED volume from the service area is growing slower than the overall ED service area market volume. Mission failed to address any factors which may have contributed to the comparatively lower growth rate.

AdventHealth notes that during the two years since HCA Healthcare purchased Mission Health, nearly 100 physicians have left the HCA system, and several primary care clinics have closed.⁶ Many of these physicians are now employed within Henderson County.

⁵ Application page 52

⁶ Green, C. (2021, July 18). As Mission retreats, Pardee, AdventHealth fill primary care gap. Hendersonville Lightning.

Step 4: Establish Base 2019 Mission Market Share by Acuity and ZIP Code

Step 4 of Mission’s methodology calculates 2019 market share by acuity (i.e., low acuity vs high acuity) based on 2019 Mission service area volume as a percent of total market volume. Mission states its 2019 market share will be the “starting point.” In other words, Mission assumes its 2019 market share by zip code will remain constant through the first project year, i.e., 2023. However, as previously described, Mission’s service area ED volume is growing slower than the service area market ED volume. Therefore, the assumption that market share will remain constant in 2023 assumes the growth of Mission’s ED service area volume will keep pace with the overall ED service area market volume growth. Mission provided no analysis or rationale to support a growth assumption higher than its historical experience.

Further, Mission experienced a decreasing trend of 2.3 percent ED volume in zip code 28742 (Henderson Co.) and a decreasing trend of 0.2 percent in zip code 28806 (Buncombe Co.). See Figure 13, page 53. Despite these decreasing trends in volume and market share, Mission projects its ED market share in zip code 28742 (Henderson Co.) and zip code 28806 (Buncombe Co.) will remain constant through 2023. The application is devoid of any discussion regarding the rationale for which Mission expects its ED volume and market share to stabilize despite a history of decreasing volume and market share for the respective zip codes.

Step 5: Establish Incremental Market Share and Projected FFY 1 through FFY 3 Volume

Step 5 of Mission’s methodology assumes an incremental market share gain will be added to its 2019 market share by zip code and acuity. Mission projects it will achieve incremental market share for both low acuity and high acuity patients as a result of the proposed project. The incremental market shares are summarized in the following table.

Figure 19

STEP 5A: ESTABLISH FFY 1 THROUGH 3 MAIN ED INCREMENTAL MARKET SHARE AND FSER INCREMENTAL MARKET SHARE
 Incremental Projected Market Share

ZIP Code	2023 Mission Incremental Market Share due to FSER		2024 Mission Incremental Market Share due to FSER		2025 Mission Incremental Market Share due to FSER	
	Low Acuity	High Acuity	Low Acuity	High Acuity	Low Acuity	High Acuity
PSA						
28704 - Buncombe	7.50%	4.00%	8.00%	4.10%	8.50%	4.20%
28730 - Buncombe	5.00%	2.00%	5.50%	2.10%	6.00%	2.20%
28732 - Henderson	7.50%	2.00%	8.00%	2.10%	8.50%	2.20%
28759 - Henderson	2.50%	0.50%	3.00%	0.60%	3.50%	0.70%
28791 - Henderson	2.50%	0.50%	3.00%	0.60%	3.50%	0.70%
28803 - Buncombe	0.75%	0.25%	1.25%	0.35%	1.75%	0.45%
SSA						
28806 - Buncombe	0.30%	0.25%	0.80%	0.35%	1.30%	0.45%
28792 - Henderson	1.00%	0.50%	1.50%	0.60%	2.00%	0.70%
28742 - Henderson	1.00%	0.50%	1.50%	0.60%	2.00%	0.70%

Source: Application page 58

Mission failed to provide any rationale to describe the specific factors that support incremental market share increases of up to 7.5 percent for low acuity patients during the first project year. For example, the Mission application lacks any discussion of capacity constraints or wait times at the hospital ED for low

acuity patients. Additionally, Mission projects to achieve incremental market share in areas for which it has experienced decreasing volume, i.e., zip code 28742 and 28806.

As described previously, Mission experienced a decreasing trend of market share in zip code 28742 (Henderson Co.) and zip code 28806 (Buncombe Co.). See Figure 13, page 53. Despite these decreasing market share trends, Mission projects it will achieve incremental market share increases for both low acuity and high acuity ED patients during each of the first three project years for the respective zip codes. Absent any discussion regarding the rationale for which Mission expects its ED volume and market share to dramatically increase, the projected market share assumptions are not supported.

Mission also failed to address the recent exodus of physicians from HCA and why it is reasonable to rely on historical data in the absence of its previous referral partners. During the two years since HCA Healthcare purchased Mission Health, nearly 100 physicians have left the HCA system, and several primary care clinics have closed. Many of these physicians are now employed within Henderson County.

Additionally, Mission projects that its market share of high acuity patients will increase in the FSED service area via the proposed project. This assumption runs counter to the numerous representations throughout the Mission application that the proposed FSER will be operated with the main purpose of providing emergency care for low acuity patients. See application pages 38, 43, and 62. Furthermore, Henderson County residents presently have access to high acuity ED services at AdventHealth Hendersonville and Pardee Hospital. As previously discussed, patient transfers from AdventHealth Hendersonville and Pardee Hospital reflect a minuscule portion of respective facility ED volume; thus, the existing Henderson County ED resources are adequate to meet the needs of service area residents. Therefore, there is no reasonable justification for Mission’s anticipated high acuity market share gain.

The incremental market share gains for low and high acuity patients result in an overall projected growth rate that is more than two times higher than Mission’s actual ED utilization trend. In addition, AdventHealth would note that based on the application’s incremental market share assumptions, Mission projects ED volume from Henderson County zip codes will exhibit the highest projected CAGRs in the service area (i.e., 9.5 percent to 18.5 percent) as shown in bold in the following table.

Zip Code	Actual Mission ED Volume				Projected Mission ED Volume				
	2017	2018	2019	17-19 CAGR	2022	2033	2024	2025	22-25 CAGR
28704 - Buncombe	3,469	3,387	3,717	3.5%	3,717	4,705	4,968	5,245	12.2%
28730 - Buncombe	1,989	1,999	2,138	3.7%	2,138	2,437	2,552	2,672	7.7%
28732 - Henderson	1,647	1,688	1,793	4.3%	1,793	2,505	2,732	2,980	18.5%
28759 - Henderson	380	322	438	7.4%	438	551	610	674	15.5%
28791 - Henderson	441	458	500	6.5%	500	690	750	813	17.6%
28803 - Buncombe	7,762	7,865	8,412	4.1%	8,412	8,846	9,259	9,690	4.8%
28806 - Buncombe	12,962	12,891	12,921	-0.2%	12,921	12,902	12,889	12,876	-0.1%
28792 - Henderson	1,119	1,093	1,222	4.5%	1,222	1,477	1,596	1,718	12.0%
28742 - Henderson	130	142	124	-2.3%	124	143	153	163	9.5%
Total	29,899	29,845	31,265	2.3%	31,265	34,256	35,509	36,831	5.6%

Source: Application pages 53 and 59-61

Mission also projects to shift up to 10 percent of high acuity patient volume from the service area zip codes to the proposed FSED. See Figures 20-22, pages 59-61. As described on application page 52, Mission defines high acuity as ED Levels 4, 5, and Critical Care. As ED Level increases, so does patient complexity. The following table shows that ED Level 5 comprises the most significant proportion of Mission’s historical high acuity ED volume.

Figure 12
 Mission Total Historical ED Volume by ED Level from 2017 to 2019

ED Level/CPT Code	2017	2018	2019	Net Increase 2017-2019	CAGR
ED Level 1 – 99281	406	489	1,305	899	79.3%
ED Level 2 – 99282	4,917	4,821	5,180	263	2.6%
ED Level 3 – 99283	25,075	24,802	26,560	1,485	2.9%
ED Level 4 – 99284	31,732	32,216	33,041	1,309	2.0%
ED Level 5 – 99285	37,806	38,328	40,080	2,274	3.0%
ED Critical Care - 99291	1,264	1,203	1,164	-100	-4.0%
Total	101,200	101,859	107,330	6,130	3.0%

Source: Mission Internal Data, 2018 through 2019.

Source: Application page 52

Mission’s methodology does not delineate what portion of high acuity ED patient volume, i.e., Level 4, Level 5, or ED Critical Care will shift to the proposed FSED. Given the high percentage of Level 5 ED volume present in Mission’s ED utilization, it is logical that Mission’s methodology substantially shifts both ED Level 5 and ED Critical Care patient volume to the proposed FSED. But, again, this is counterintuitive based on the numerous representations throughout the Mission application that the proposed FSED will be operated with the main purpose of providing emergency care for low acuity patients. See application pages 38, 43, and 62.

Based on the assumptions and methodology described in the application, Mission projects to serve a net increase of nearly 2,300 Henderson County ED patients by the third project year.

Zip Code	Actual Mission ED Volume				Projected Mission ED Volume				
	2017	2018	2019	17-19 CAGR	2022	2033	2024	2025	22-25 CAGR
28732 - Henderson	1,647	1,688	1,793	4.3%	1,793	2,505	2,732	2,980	18.5%
28759 - Henderson	380	322	438	7.4%	438	551	610	674	15.5%
28791 - Henderson	441	458	500	6.5%	500	690	750	813	17.6%
28792 - Henderson	1,119	1,093	1,222	4.5%	1,222	1,477	1,596	1,718	12.0%
28742 - Henderson	130	142	124	-2.3%	124	143	153	163	9.5%
Total	3,717	3,703	4,077	4.7%	4,077	5,366	5,841	6,348	15.9%

Source: Application pages 53 and 59-61

Mission’s assumed Henderson County market share increases result in an overall projected CAGR of 15.9 percent during 2022-2025, which is nearly four times higher than its actual CAGR during 2017-2019. The only way Mission can achieve this feat is by taking ED market share from AdventHealth Hendersonville

and Pardee Hospital. However, Mission provided no evidence of capacity constraints or ED wait times at AdventHealth Hendersonville and Pardee Hospital to support redirection of market share and patient volume to Mission. Mission's assumptions are therefore reflective of a "build it, and they will come" mentality, which is woefully insufficient to substantiate the need for a \$13 million capital project.

Mission's application includes a meager supply of only eight (8) physician support letters. As previously described, nearly 100 physicians have left the HCA system, and several primary care clinics have closed during the past two years. Mission lacks sufficient support from the local provider community to support its proposed project. Consequently, the applicant's utilization projections are not supported.

AdventHealth attests the existing Henderson County ED resources are adequate to meet the needs of service area residents. There is no need for a freestanding ED in Buncombe County to service Henderson County residents.

In summary, for the reasons previously described, Mission failed to demonstrate the need the population has for the services proposed and that projected utilization is based on reasonable and adequately supported assumptions. Consequently, the application does not conform to Criterion 3.

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

Mission is nonconforming with Criterion 3. Therefore, Mission failed to adequately demonstrate that its proposal is an effective alternative for developing an FSED in Buncombe County. Consequently, the application is nonconforming to Criterion 4.

Criterion 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."*

The assumptions used by Mission in preparation of the pro forma financial statements are not reasonable because projected utilization is not supported. The discussion regarding projected utilization found in Criterion 3 is incorporated herein by reference. Therefore, the applicant does not adequately demonstrate that the financial feasibility of the proposal is based upon reasonable projections of costs and charges. Consequently, the application is not conforming to this criterion.

Criterion 6 *"The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities."*

Mission failed to adequately demonstrate the need for the proposed services (See Criterion 3). Therefore, Mission failed to adequately demonstrate that its proposal will not result in an unnecessary duplication of existing or approved emergency department services and is nonconforming to this criterion.

In response to Section G, Question 2, Mission explains the project will not result in unnecessary duplication because it will provide “more timely access to critical care services in the South Buncombe County market and to patients in North Henderson County area.”⁷ Mission’s reference to “critical care services” is confusing amidst numerous representations throughout the Mission application that the proposed FSER will be operated with the main purpose of providing emergency care for low acuity patients. See application pages 38, 43, and 62. Moreover, the Mission application failed to provide any information regarding ED wait times or other relevant information to demonstrate a need for additional ED capacity. Mission provided no evidence of capacity constraints or ED wait times at AdventHealth Hendersonville and Pardee Hospital to support redirection of market share and patient volume to Mission. Absent this necessary supporting information, the application should be found nonconforming to Criterion 6.

Criterion 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.”*

Based on the facts which result in Mission being nonconforming with Criteria 3, 4, 5, and 6 it should also be found nonconforming with Criterion 18a.

⁷ Application page 88