



**Mission Health, Inc.
Mission Hospital, Inc.
Third Amended
Certificate of Public Advantage
Final Report**

September 30, 2017

Submitted to:

Mark Payne

*Secretary for Audit and Health Service Regulation
Division of Health Service Regulation
North Carolina Department of Health and Human Services*

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*Special Deputy Attorney General
North Carolina Department of Justice*

**MISSION HEALTH, INC.
MISSION HOSPITAL, INC.
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Certificate of Public Advantage
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**MISSION HEALTH, INC. and MISSION HOSPITAL, INC.
THIRD AMENDED CERTIFICATE OF PUBLIC ADVANTAGE
FINAL REPORT**

September 30, 2017

The following report reflects the status of our compliance with **Section III. Terms and Conditions of the Third Amended Certificate of Public Advantage (COPA)** as of September 30, 2017.

(1) Accreditation of Mission Hospital, Inc. (formerly Memorial Mission Hospital, Inc.)

(1.1) Remain accredited by The Joint Commission (TJC).

The most recent Triennial Full unannounced resurvey was conducted June 15-19th, 2015 for the purposes of assessing compliance with the Medicare Conditions of Participation for hospitals through The Joint Commission's survey process. Mission Hospital, Inc. remains fully accredited.

(1.2) Not become conditionally accredited by The Joint Commission.

Mission Hospital, Inc. remains in a constant state of survey readiness and is not conditionally accredited.

(1.3) Correct any requirements for improvement and/or supplemental findings from TJC surveys within the timeframe set by the TJC.

All action plans were developed, implemented and submitted prior to deadline and approved by The Joint Commission.

(1.4) Promptly provide to the State Agencies an explanation of requirements for improvement received in surveys, submit action plans to improve such deficiencies as part of the Periodic Report to the State Agencies, and attach copies of any focused survey results received from TJC.

Results and follow-up from The Joint Commission will be promptly provided to the State Agencies as requested. Improvements identified from State Agencies during surveys are typically corrected immediately when surveyors are still onsite or corrected shortly thereafter. Action plans for substantiated complaints are submitted prior to due date with applicable measures developed and monitored.

(1.5) Maintain a three-year TJC survey schedule for TJC surveys.

The CMS approval letter for the Triennial Full unannounced resurvey conducted June 15-19th, 2015 was received on October 19, 2015. The accreditation expiration date is June 20, 2018.

(2) Charity and Indigent Care (Service to the Community)

(2.1) The cost of charity and other uncompensated care was estimated at \$183,426,000 for fiscal year 2016 per the audited financial statements. This represented an increase of \$34,545,000 or 23% over fiscal 2015. Community Benefit costs, other than Medicare, Medicaid, and Champus, increased by \$8,805,000 in fiscal 2016. Based on experience through August, it is anticipated that the cost of charity and other uncompensated care will be significantly higher for fiscal year 2017.

(2.2) Medicare and Medicaid patients continue to enjoy access to all needed services. Payments received or to be received under these and other payment arrangements with third-party payers were less than amounts due at established rates by \$2,497,119,000 for fiscal year 2016. This represented an increase of \$303,117,000 or 14% over the previous year. Based on experience through August, it is anticipated that the cost of providing care for Medicare and Medicaid patients will be significantly higher for fiscal year 2017.

(2.3) Mission Hospital, Inc. updated the charity care policy in October 2016 to reflect changes to the upper limit on Federal Poverty Guidelines (FPG) and expand eligibility for patients not receiving Social Security. The charity care policy was updated again in April 2017 to consolidate the discount schedule for uninsured and insured patients so that discounts and visit fees are applied uniformly regardless of insurance status. The charity care policy is applied consistently across all Mission Health facilities.

3) Purchase of Equipment and Supplies by Competitive Bidding

The purchase of both supplies and equipment are made on a competitive basis where appropriate. This is done to effectuate the lowest price while not compromising quality, compatibility or efficiency. Sole source vendors are used when necessary. Facilities Planning and Facilities Services are responsible for bidding and procuring supplies independent of Materials Management due to the nature of their business. Periodic reviews were conducted by Materials Management for compliance with policy.

(4) Controls on Costs and Margins

(4.1) Audited financial statements for fiscal year-end September 30, 2017 are not yet available. Mission Health, Inc. continues to operate as it has over the past 20 years to increase prices only to the extent necessary to offset a portion of the increases in its costs.

(4.2) Based on experience through August, it is anticipated that the operating margin for Mission Health, Inc. will be approximately 3.3%.

(4.3) N/A

(4.4) N/A

(5) Nonexclusivity

(5.1-5.4) Mission has entered into no relationships that would contradict requirements as noted in these sections.

(6) Nondiscrimination

(6.1) Except as provided within the COPA or as approved by the State, Mission has not entered into any exclusive contracts with physicians or physician group practices.

(6.2) An open staff will continue to be provided at Mission.

(6.3) Mission is willing to negotiate in good faith with all health plans within the service area.

(6.4) Mission has not entered into a provider contract in violation of this section.

(6.5) Mission has no exclusive contracts with managed care plans at present.

(7) Health Plans

(7.1) Mission has not unreasonably terminated any provider contract to which it or one of its member hospitals is a party.

(7.2) Mission has contracted with health plans operating in its service area offering commercially reasonable terms that require Mission to assume risk.

(8) Employment of/or Contracting with Physicians

(8.1) Except as provided by the COPA, Mission is currently within the 30% limit. Mission is in discussions with physician members of a general surgery practice which currently provides services through a professional service agreement. It is contemplated that some, but not all, of these physicians will become employees of Mission Medical Associates.

(8.2) N/A

(8.3) N/A

(8.4) N/A *Attachment A* is the schedule which sets forth the percentages of physicians that are either employed or under exclusive contract in the primary and secondary markets.

(9) "Most Favored-Nation" Provisions in Contracts with Health Plans

Mission has not entered into any provider contract with any health plan on terms that include a "most favored nation" clause to the benefit of Mission or any health care plan.

(10) Ancillary Services

(10.1) So noted.

(10.2) Documentation exists in the patient chart to support this process. Policies and practices are routinely reviewed to ensure compliance.

(10.3) So noted.

(11) Reports

This submission represents a final report to the Department of Health and Human Services and the Attorney General on Mission Health's activity pursuant to the COPA through September 30, 2017.

(11.1) *Attachment B* is the Officer's Certificate. The items set forth in NC General Statute 131E-192.9 were specifically addressed elsewhere in this report with the exception of item number three. The following should address this item.

(11.1.1) The utilization of beds and services is provided as *Attachment C* in our 2017 Hospital License, issued from the NC Department of Health and Human Services, Division of Health Service Regulation, Acute and Home Care Licensure and Certification Section.

(11.1.2) The "Mission Market Share Trends" is provided as *Attachment D*. The source of this data is Thompson Reuters, a data vendor contracted by the North Carolina Hospital Association. The chart shows market share data for full fiscal years 2010 through first quarter 2017. The market share change by county is also described.

The overall market share increased by 1% from 2010 through first quarter 2017. The most significant percentage change increase occurred in the tertiary service area with a 19% increase. The percentage decrease in the primary service area was 5% while the percentage increase in the secondary service area was 4%.

(11.1.3) No changes to Mission's ownership or principal management in any managed care organization have been made.

(11.2) Mission Health continues to pursue new and innovative approaches to care delivery for the residents of western North Carolina. In partnership with the Mountain Area Health Education Center (MAHEC) new residency programs in general surgery and psychiatry were introduced in 2017, which will expand access to care both centrally within Asheville and Buncombe County and throughout the region. Other measures taken to expand access to care include opening the Mission Virtual Clinic, which provides online, convenient care for common illnesses typically seen through primary care visits or at urgent care clinics. Initially launched for Mission employees and dependents, access to the Virtual Clinic was expanded to the general public in July 2017. Virtual Care visits are accessible and available to patients located anywhere in North Carolina. Additionally, four primary care clinic locations were rebranded as Mission My Care Now clinics to provide walk-in, on-demand, convenient acute primary care services and

two new satellite locations were opened during 2017 offering both non-invasive diagnostic testing and medical cardiology services to the Marion and Franklin communities.

In 2017, Mission's Community Investment program granted \$869,640 to 17 agencies to address community health priorities identified in local Community Health Needs Assessments. Additional community support was provided through other various commitments for a grand total of \$1,252,725 invested back in the communities served.

Through on-going process improvement efforts Mission Health has attained over \$190 million dollars in savings from 2014 through 2017, with another \$49.7 million dollars in mitigation identified for 2018. These efforts have been and remain critical to controlling costs and to offset losses from rising bad debt and charity care.

Mission has repeatedly been nationally recognized as a high quality, low cost provider of health care services. In fact, in 2015 the New York Times highlighted our efficiency for both Medicare and Commercial insurers noting that Asheville was one of the very few places in the nation in the bottom third for both Medicare and private insurance costs.¹ Notable awards received in 2017 include:

- Mission Health was named as a Top 15 Health System by Truven Health Analytics/IBM Watson for the fifth time in six years. No other health system in the nation has ever achieved that success, and no other North Carolina health system has been recognized as such even once.
- Mission Hospital was named one of America's Top 50 Cardiovascular Hospitals by Truven Health Analytics for the eleventh time since 2000.
- Mission Imaging Services received American College of Radiology quality designation of Diagnostic Imaging Centers of Excellence (DICOE) for nine Imaging locations.
- Mission Hospital received a Comprehensive Stroke Center Designation by The Joint Commission.

(11.3) So noted.

(11.4) So noted.

(11.5) So noted.

(12) Compliance

(12.1-12.4) Management has communicated regularly with State officials and has responded to all requests for information.

¹ <https://www.nytimes.com/interactive/2015/12/15/upshot/the-best-places-for-better-cheaper-health-care-arent-what-experts-thought.html>

(13) Board of Directors

(13.1) Mission has 17 elected board members and the additional ex-officio members of the Board. See *Attachment E* for the Board of Directors listing.

(13.2) Mission's Chief Executive Officer, the Chair of Mission Healthcare Foundation and the Immediate Mission Past Board Chair are presently serving as ex-officio members of the Board bringing the total complement to 20.

(13.3) So noted.

(13.4) Two practicing physicians serve as voting members of the Board.

(14) Change of Legal Status or Sale

(14.1) Mission Hospital, Inc. and its constituent hospitals retain their status as non-profit, tax-exempt entities.

(14.2) So noted.

(15) Legal Exposure

So noted.

(16) Averment of Truth

So noted.

(17) Review and Amendment

So noted.

(18) Binding Effect

So noted.

(19) Effective Date

So noted.

Physician Schedule **A**

Officer's Certificate **B**

2017 Hospital License **C**

Mission Market Share Trends **D**

Board of Directors **E**

2017 COPA Report Physician Schedule - Primary Service Area

Specialty	Primary Service Area	Mission Employed (NMMA)	Percentage Employed	Mission Exclusive	Percentage	Exclusive Practice Name
Cardiology	26	26	100%	26	100%	100% Asheville Cardiology (Through MMA)
Genetics	2	2	100%	0	0%	
Hospice/Palliative Care	10	10	100%	0	0%	
Hospitalist	57	57	100%	0	0%	
Neonatology	7	7	100%	0	0%	
Neuro-Hospitalist	4	4	100%	0	0%	
Pediatric Cardiology	3	3	100%	0	0%	
Pediatric Endocrinology	2	2	100%	0	0%	
Pediatric Gastroenterology	0	0	100%	0	0%	
Pediatric Hospitalist	5	5	100%	0	0%	
Pediatric Intensivist	4	4	100%	0	0%	
Pediatric Oncology	4	4	100%	0	0%	
Pediatric Orthopedics	2	2	100%	0	0%	
Pediatric Pulmonology	1	1	100%	0	0%	
Pediatric Surgery	1	1	100%	0	0%	
Trauma Orthopedics	4	4	100%	0	0%	
Trauma Surgery	10	10	100%	0	0%	
Infectious Disease	7	5	71%	0	0%	
Pediatric Psychiatry/Developmental Pediatrics	3	2	67%	0	0%	
Neurology	17	11	65%	0	0%	
Pediatric Neurology	2	1	50%	0	0%	
Anesthesiology	49	21	43%	0	0%	
Pediatrics-Internal Medicine	4	1	25%	0	0%	
Psychiatry	51	11	22%	0	0%	
Family Medicine	145	27	19%	0	0%	
Orthopedics	35	6	17%	0	0%	
General Pediatrics/Adolescent	36	6	17%	0	0%	
Internal Medicine	42	6	14%	0	0%	
Emergency Medicine	35	3	9%	35	100%	Carolina Mountain Emergency Medicine
General Surgery	17	1	6%	0	0%	
OB/Gyn	44	1	2%	0	0%	
Allergy and Immunology	8	0	0%	0	0%	
Cardiovascular Surgery	5	0	0%	0	0%	
Dermatology	18	0	0%	0	0%	
Endocrinology	6	0	0%	0	0%	
Gastroenterology	19	0	0%	0	0%	
GYN Oncology	6	0	0%	0	0%	
Hand Surgery	4	0	0%	0	0%	
Hematology/Oncology	19	0	0%	0	0%	
Maternal Fetal Medicine	3	0	0%	0	0%	
Nephrology	10	0	0%	10	100%	Mountain Kidney and Hypertension Associates
Neuroradiology	5	0	0%	0	0%	
Neurosurgery	13	0	0%	0	0%	
Ophthalmology	23	0	0%	0	0%	
Otorhinolaryngology	31	0	0%	0	0%	
Pathology	14	0	0%	14	100%	PML Pathology
Physical Medicine and Rehabilitation	10	0	0%	0	0%	
Plastic Surgery	6	0	0%	0	0%	
Pulmonary/Adult Critical Care	21	0	0%	0	0%	
Radiation Oncology	9	0	0%	6	67%	Mountain Radiation Oncology
Radiology	49	0	0%	0	0%	
Rheumatology	6	0	0%	0	0%	
Urology	14	0	0%	0	0%	
Vascular Surgery	7	0	0%	0	0%	

COPA Reporting for 2016
 Source Data: NC Medical Board Database 4/2016
 Mission Hospital Medical Staff Roster
 Mission Hospital Contract Database/Legal Records
 Compiled by: Brian Moore 11/17/2016
 Primary Service Area is Buncombe and Madison Counties
 Top Area in yellow indicates specialties excluded by COPA and/or previously reported



**MISSION HEALTH SYSTEM, INC.
MISSION HOSPITAL, INC.**

OFFICER'S CERTIFICATE

I, RONALD A. PAULUS, M.D., DO HEREBY CERTIFY that I was the President and Chief Executive Officer of Mission Health, Inc., ("Health") and Mission Hospital, Inc., ("Hospital"), at fiscal year-end September 30, 2017 and that I am authorized to execute this Certificate on behalf of Health and Hospital.

I hereby further represent that to the best of my knowledge, after due investigation and except as herein noted, Health and Hospital are in compliance with the Third Amended Certificate of Public Advantage.

WITNESS my hand this 29th day of September 2017.

MISSION HEALTH, INC.
MISSION HOSPITAL, INC.

A handwritten signature in black ink, appearing to read "Ronald A. Paulus", written over the printed name and title.

Ronald A. Paulus, M.D.
President and Chief Executive Officer

State of North Carolina

Department of Health and Human Services
Division of Health Service Regulation

Effective January 01, 2017, this license is issued to

Mission Hospital, Inc.

to operate a hospital known as

Mission Hospital

located in Asheville, North Carolina, Buncombe County.

*This license is issued subject to the statutes of the
State of North Carolina, is not transferable and shall remain
in effect until amended by the issuing agency.*

Facility ID: 943349

License Number: H0036

Bed Capacity: 763

General Acute 701, Psych 62,

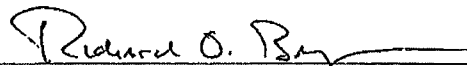
Dedicated Inpatient Surgical Operating Rooms: 8

Dedicated Ambulatory Surgical Operating Rooms: 9

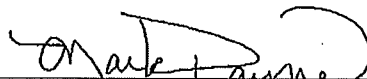
Shared Surgical Operating Rooms: 30

Dedicated Endoscopy Rooms: 6

Authorized by:



Secretary, N.C. Department of Health and
Human Services



Director, Division of Health Service Regulation

Mission Hospital Market Share Trends FY 2016 Q2

County	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FYTD 17Q1*	FY 2010 - FYTD FY17 % Change
PSA									
Buncombe	91.1%	90.8%	89.8%	90.3%	89.0%	87.3%	86.9%	86.1%	(5%)
SSA									
Haywood	33.2%	33.7%	32.6%	36.3%	38.6%	35.8%	35.9%	35.6%	7%
Henderson	27.4%	28.1%	29.1%	27.5%	28.6%	28.0%	29.3%	27.0%	(1%)
Madison	90.5%	92.1%	90.2%	92.8%	91.0%	89.9%	86.3%	85.9%	(5%)
McDowell	37.4%	39.4%	38.0%	39.2%	36.6%	40.5%	42.8%	43.0%	15%
SSA Total	35.7%	37.0%	36.7%	37.2%	37.6%	37.1%	38.3%	37.1%	4%
TSA									
Avery	5.9%	8.2%	8.4%	10.1%	7.6%	8.2%	8.4%	6.0%	1%
Burke	6.2%	7.3%	6.4%	6.3%	5.0%	5.9%	6.2%	6.4%	2%
Cherokee	18.2%	18.8%	21.4%	23.3%	22.5%	23.0%	19.4%	18.2%	0%
Clay	21.8%	21.9%	24.0%	28.1%	28.4%	24.1%	26.8%	23.3%	7%
Graham	28.9%	33.0%	33.1%	29.5%	31.2%	30.2%	32.6%	35.5%	23%
Jackson	29.0%	28.5%	29.9%	30.1%	30.7%	30.3%	31.1%	33.4%	15%
Macon	31.5%	32.2%	32.4%	32.1%	30.5%	33.7%	34.3%	33.3%	6%
Mitchell	29.5%	33.4%	35.7%	34.4%	35.1%	40.6%	44.2%	41.6%	41%
Polk	15.7%	19.0%	19.3%	20.6%	18.2%	21.4%	20.4%	19.6%	25%
Rutherford	8.3%	10.2%	9.8%	9.2%	9.8%	11.3%	12.1%	11.3%	36%
Swain	27.5%	30.8%	36.0%	35.8%	34.6%	35.8%	38.0%	37.3%	35%
Transylvania	34.8%	32.1%	35.0%	35.7%	34.8%	40.1%	42.2%	41.5%	19%
Yancey	50.3%	52.5%	53.3%	55.3%	56.3%	65.5%	66.6%	63.3%	26%
TSA total	19.3%	20.8%	21.6%	21.5%	20.8%	22.9%	23.5%	23.0%	19%
Grand Total	42.3%	43.4%	43.5%	43.8%	43.3%	43.4%	44.0%	42.9%	1%

*FYTD 2017 Q1 includes data from Oct 1 -Dec 31 2016

**Excludes Normal Newborns and Rehab IP discharges

Source: Truven IP State Database

Updated 9/12/2017, Strategic Growth and Business Development

2017
BOARD OF DIRECTORS
MISSION HEALTH SYSTEM, INC.
AND MISSION HOSPITAL, INC.

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Wyatt S. Stevens, Immediate Past Chair

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Suzanne S. DeFerie, Secretary

Bridget A. Eckerd, PE

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Tom Oreck

Ronald A. Paulus, MD

Anne Ponder

Kenneth G. Racht

Jeffrey (Jed) Edwin Rankin

Robby Lee Russell

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